
Town of Niagara-on-the-Lake

2024 Water and Wastewater Rate Study & O. Reg 453/07 Financial Plan



DFA Infrastructure International Inc.

July 17, 2024



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July 17, 2024

Kyle Freeborn, BCom(Hons), CPA, CMA
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Town of Niagara-on-the-Lake
1593 Four Mile Creek Road
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Re: 2024 Water and Wastewater Rate Study and O. Reg 453/07 Financial Plan

Dear Kyle:

We are pleased to submit to you the the above noted report entitled: "2024 Water and Wastewater Rate Study and O. Reg 453/07 Financial Plan". Should you have any question please do not hesitate to contact me.

Yours truly,

A handwritten signature in black ink, appearing to read "Derek Ali", is written over a horizontal line.

DFA Infrastructure International Inc.

Derek Ali, MBA, P.Eng.

President

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Transmittal Letter

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1 Introduction

1.1 Background

The Town of Niagara-on-the-Lake (the Town) owns and operates two (2) water distribution systems that service the approximately 7800 customers in Niagara-on-the-Lake and is therefore responsible for the costs and financing associated with managing these systems. Niagara Region (the Region) is responsible for the water treatment and transmission. The Area Municipalities purchase treated water from the Region and are responsible for the water distribution services to their respective customers.

The Town obtains its water from the Decew Water Treatment Plant (WTP) and the Niagara Falls WTP which are owned and operated by the Region. The Town distributes the drinking water through the two (2) distribution systems that are supplied by these two (2) Regional water treatment plants. The Niagara-on-the-Lake Distribution System is supplied from the Decew WTP and the Bevan Heights Distribution System is supplied from the Niagara Falls WTP. For the purposes of this report, the Niagara-on-the-Lake and Bevan Heights Water Distribution Systems are considered as one. The Region's charges to the Town for water supply include a fixed charge established by the Region plus an amount based on actual consumption multiplied by a unit rate per cubic metre. In simple terms, the Region is the "wholesaler" and the Town is the "retailer" of water services in Niagara-on-the-Lake.

The total cost of the Town's water services, including payments to the Region, are recovered from operating (non-rate) revenues (e.g. administrative fees, etc.) and through direct billing to customers (rate revenues)

The Town owns and operates the wastewater collection systems that service the approximately 6300 customers in Niagara-on-the-Lake and is therefore responsible for the costs and financing associated with managing these systems. In Niagara, the Area Municipalities provide the wastewater collection services and the Region is responsible for the wastewater treatment.

The Town transmits its wastewater for treatment by the Region at the treatment facilities located on Lakeshore Road in Niagara-on-the-Lake and the Stanley Avenue Wastewater Treatment Plant in Niagara Falls. The Region's charge to the Town for wastewater treatment services is an Annual Fixed Charge that is paid in equal monthly amounts. This is a major component of the Town's annual service delivery costs

The total cost of the Town's wastewater services, including payments to the Region, are recovered from non-rate revenues (e.g. administrative fees, etc.) and through the revenues from rates and charges to customers. In simple terms, the Region is the "wholesaler" and the Town is the "retailer" of wastewater services in Niagara-on-the-Lake.

The last Water and Wastewater Rate review was conducted by the Town was in 2020, as such Town staff and Council recognized the need to update the rate study. Accordingly, DFA Infrastructure International Inc. (DFA) was retained by the Town to conduct a comprehensive Water and Wastewater Rate Review. The study includes determination of the full cost of service for water and wastewater over ten (10) years from 2025 to 2034 inclusive, and the calculation of rates that adequately fund the cost of service, while treating ratepayers in a fair and equitable manner.

The Town is also required to prepare and submit an updated Water System Financial Plan to meet the requirements of the Drinking Water Quality Management System as defined under O.Reg. 453/07 for renewal of its water distribution system licence.

1.2 Purpose

The primary purpose of this Water and Wastewater Rate Study is to:

- Identify the full costs of managing the Town's water and wastewater systems based on the most recent available information;
- Update the Town's current rates and charges to its customers, using the existing structure of a base charge and uniform consumption rate per cubic metre that will recover the full costs of supplying and distributing drinking water, and collection and treatment of wastewater;
- Prepare an updated Water System Financial Plan in accordance with the requirements of O.Reg. 453/07 for the renewal of the licence for the Town's water distribution system; and
- Prepare a Sanitary Sewer System Financial Plan similar to that required for water under O.Reg 453/07.

2 Regulatory Requirements

2.1 Provincial Regulations

Provincial requirements governing water and wastewater services primarily include the following:

- The Environmental Assessment Act (EAA);
- The Safe Drinking Water Act (SDWA);
- The Municipal Act (MA);
- The Development Charges Act (DCA);
- The Sustainable Water and Sewage Systems Act, 2002 (SWSA); and
- The Water Opportunities and Conservation Act, 2010 (WOA).

The first two (2) set out the technical requirements related to service delivery. The EA Act applies to expansion of existing facilities and establishment of new capacity such as the installation of new pipes to service growth in customers.

The Safe Drinking Water Act, 2002 (SDWA) has significant implications to the daily operations as it sets out the water sampling and other operational requirements (in O. Reg. 170/03) for ensuring that the water delivered to consumers is of high quality and safe for consumption. The SDWA has been a major influence over the past decade in terms of adjustments to operational practices and water quality assurance. In addition, there is also a requirement under this Act (O.Reg. 188/07) for drinking water providers to establish a Drinking Water Quality Management System (DWQMS) and obtain licences for their respective water systems. As part of the DWQMS, and as required under O. Reg. 453/07 (Financial Plans Regulation), operating authorities must submit a financial plan for their respective water systems as a condition of licensing. There are also many regulations and

guidelines that deal with design and operation standards that mandate certain activities be undertaken as part of service delivery.

The Municipal Act, Part VII, Section 293 requires municipalities to establish reserves for dealing with long-term liabilities. This applies directly to the water systems and the future liabilities associated with their age and condition. The Municipal Act also permits the municipalities to establish fees for cost recovery and requires public input prior to any fee adjustments. The Development Charges Act and regulations establishes the requirements for the recovery of portions of future growth-related capital expenditures to be incurred by municipalities. The Sustainable Water and Sewage Systems Act, 2002 requires that water systems be financially sustainable. The Water Opportunities and Conservation Act, 2010 is the most recent legislation to be enacted influencing water system management. It requires sustainability plans to be prepared for water systems and overlaps somewhat with the SWSA.

The Sustainable Water and Sewage Systems Act, 2002

One of the main recommendations contained in Justice O'Connor's report on the Walkerton incident is the need for municipalities to identify the full cost of water services and to develop a sustainable plan to finance these costs. This resulted in the establishment of the Sustainable Water and Sewage Systems Act, 2002 in December 2002 which requires operators of Water systems to report full costs and the method of cost recovery to the Province of Ontario. However, the Sustainable Water and Sewage Systems Act, 2002 was never proclaimed into force, nor were the regulations necessary for the act to operate ever developed. Under the Sustainable Water and Sewage Systems Act, 2002, the municipalities are required to submit to the Province of Ontario:

- A report prepared by a Professional Engineer, identifying the full cost of water services;
- A report identifying a sustainable method by which municipalities would recover these costs;
- The comments made by the Town's Auditor following a review of both reports; and
- Copies of Council resolutions accepting the recommendation of reports.

The Water Opportunities and Conservation Act, 2010

The WOA was enacted in November 2010 and the regulations are pending. This legislation promotes water conservation and requires municipalities to develop:

- Water conservation plans;
- Sustainability plans for water, wastewater & stormwater management; and
- Asset management plans.

Financial plans are required as a component of the water sustainability and asset management plans.

The DWQMS Requirements

Regulation 188/07 under the Safe Drinking Water Act requires Ontario municipalities to apply for and obtain Drinking Water System Licences as part of their overall DWQMS. One of the requirements to obtain a drinking water licence is to prepare and submit a financial plan in accordance with O.Reg. 453/07.

2.2 Town of Niagara-on-the-Lake By-Law

Town By-law No. 2024-17 establishes the water and wastewater rates and charges that apply to the various customer classes in 2024. By-law 2024-17 is attached as Appendix A.

3 Methodology

The Rate Study gives consideration to the full costs (or the required investment) associated with managing the Town’s water and wastewater systems over a ten (10) year period from 2025 to 2034 inclusive, and the recovery of those costs (or revenue plan) through proposed rates and charges to customers. Life cycle costs of assets from the Town’s Asset Management Plan were also considered to determine the full replacement and/or rehabilitation needs given that some water and wastewater system assets (e.g. water mains and sewer mains) can have life expectancies in the 50 to 100 year range. Rates are then developed that recover the full costs of water and wastewater services.

3.1 Full Cost Considerations

Calculation of the Town’s full cost of managing the water and wastewater systems is based on the 2024 budgets related to the primary activities required to deliver water and wastewater services to Town customers. Higher costs are generally expected in the future as the water and wastewater business environment changes. The impact can be mitigated however by fully understanding, assessing and planning for future water and wastewater system costs.

Determination of the full cost of managing the Town’s water and wastewater systems takes into account the factors that have a bearing on the cost of providing reliable water and wastewater services to the customers over the long-term. These included both current and future considerations that would influence the cost of managing the systems (and the revenues required to sustain them). Table 3-2 notes the main drivers of cost. The assumptions made are noted in the respective sections of this report.

Table 3-1: Cost Components and Drivers

Cost Component	Cost Drivers	Future Cost Implications
Water and Wastewater systems operations and maintenance (O&M)	<p>This is the annual cost of operating and maintaining the current system including direct (e.g. operations staff) and indirect costs (e.g overhead, charge backs etc).</p> <p>Changes in regulations can result in additional (O&M) activities and added costs. This was evident when the</p>	<p>This is a direct annual cost that is reasonably consistent (fixed) from year to year but requires adjustment to account for non-recurring items, operational changes, variable cost (e.g. chemical use) changes and inflation.</p> <p>Non-rate revenues from</p>

Cost Component	Cost Drivers	Future Cost Implications
	<p>regulations under the Safe Drinking Water Act took effect. Municipalities were required to undertake specific activities in the interest of water quality management (e.g sampling, analysis and reporting of water quality). More recently, the DWQMS meant additional costs for water system operational plans and licensing albeit not annually. It is expected that pending regulations under the Water Opportunities Act and greater enforcement of compliance requirements by the Ministry of the Environment and Climate Change (MOECC) would require more actions to be undertaken (and increased costs) by municipalities.</p>	<p>administrative fees and grants offset these costs.</p> <p>The long term impact of new regulations on costs are difficult to predict. However, the costs are expected to rise as more stringent requirements are established and compliance enforcement by the MOECC increases.</p> <p>Operating costs are assumed to increase by 2% annually.</p>
<p>Regional Charges</p>	<p><i>Regional Charges for the Supply of Treated Water to the Town.</i> The cost of water treatment and supply as billed by the Region includes a fixed charge and variable charges based on a uniform volumetric rate. The fixed charge represents the Town's proportionate share (based on the 3-year average volume consumed compared to other municipalities) of 25% of the Region's annual cost. The uniform rate is based on 75% of the Region's cost divided by the total volume of water produced by the Region. This cost is variable depending on consumption and is calculated as the product of the actual (metered) water purchased by the Town multiplied by the Regional uniform water rate.</p> <p><i>Regional Charges to the Town for Wastewater Treatment.</i> The Region recovers 100% of its annual wastewater costs as a fixed charge to the Area Municipalities. The Region's charge to the Town for treatment of wastewater is based on the Town's proportionate share of total Region-wide costs. A rolling historical three (3) year average volume (from October to September) is used by the Region to calculate the Town's proportionate share. The annual costs are paid by the Town in equal monthly instalments in year calendar year. At the end of each year the actual volumes treated are determined by the Region based on actual flows and an adjustment to the Town's cost share is made included in the charge two (2) years later.</p>	<p>Changes in Regional water costs and the level of the Town's future consumption will impact on the cost of water supplied to the Town.</p> <p>It is assumed that the Region's water costs increase by 3.8% annually</p> <p>The Region's total water flows are assumed to remain constant over the forecast period.</p> <p>Changes in Regional wastewater costs and the level of the Town's future wastewater flows will impact on the cost of wastewater treated by the Town</p> <p>It is assumed that the Region's wastewater costs increase by 9.9% annually.</p> <p>The Region's total wastewater flows are assumed to remain constant over the forecast period.</p>
<p>Effective Date of Annual Regional & Town Rates</p>	<p>Timing of the Regional rate increases will have an impact of the annual charge to the Town. Timing of the Town rate increase will have an impact on the level of revenue generated from users.</p>	<p>For the purposes of the study the annual Region rate increase and Town increase is assumed to occur on January 1.</p>
<p>Customer Growth</p>	<p>As the existing urban areas are developed, the addition of new customers would increase the total demand for</p>	<p>The increase in demand, if significant, would increase volumes of water</p>

Cost Component	Cost Drivers	Future Cost Implications
	<p>water . A corresponding rise in wastewater volume requiring treatment would also be expected</p>	<p>consumed and wastewater treated, and variable costs in the year the new customers are added.</p> <p>Customer Growth is based on the Region’s growth projections for Niagara-on-the-Lake as contained within the Niagara Region’s Official Plan.</p>
<p>Consumption Volume (m3)</p>	<p>Consumption is a function of the number of customers (existing and new growth), weather conditions and the economic environment. The weather conditions have a significant influence on how much water is consumed in a given year. For example, lower temperatures and wet weather tend to result in less water consumption. Dry weather and higher temperatures increase water consumption. Wet weather would also mean more stormwater entering the wastewater system (known as inflow and infiltration) The loss of large (commercial or industrial) customers perhaps due to economic climate would reduce demand.</p>	<p>The annual consumption volume is unpredictable. Fluctuations can result in higher than anticipated costs or lower revenues and lead to budget deficits. An operating reserve would minimize the risk of deficits and stabilize rates (i.e. minimize rate spikes) It is assumed that consumption will continue to increase as a result of new customer growth.</p>
<p>New growth related services</p>	<p>This refers to installation of new assets to increase the system capacity to facilitate new development and build out of the approved service areas within the Town</p>	<p>Would result in capital investments in the year the new infrastructure is needed. Note that financing of these costs can be through debt or cash from reserves after third party contributions are considered (e.g. grants, developer contributions etc.)</p> <p>Growth related capital investments are as provided from the Town’s 2025 - 2033 Capital Plan Forecast, with 2034 projected to be the same as 2033.</p>
<p>Asset preservation and renewal</p>	<p>This is mainly the replacement of aging Tangible Capital Assets (TCA) e.g. old water mains, plant components, well components etc. that have exceeded their service life.</p>	<p>Would result in future capital expenditures in the year in which the assets require replacement or rehabilitation to extend their useful lives. Allowances must be made as part of the annual costs to account for the future replacement of these assets Financing can be through a combination of debt and reserve funds.</p> <p>Asset renewal needs are as provided from the Town’s 2025-2033 Capital Plan Forecast, with 2034 projected to be the same as 2033, and supplemented with additional lifecycle</p>

Cost Component	Cost Drivers	Future Cost Implications
		needs as determined by the Town's 2014 Asset Management Plan.
Other capital expenditures	These are capital expenditures other than those needed for growth and asset renewal. These would include cost of studies and implementation of operational improvements of the water and wastewater systems such as water loss reduction measures and wastewater I & I reduction programs.	Would increase costs in the year the expenditure is required. Financing can be through a combination of debt and reserves. Other capital investments are as provided from the Town's 2025 - 2033 Capital Plan Forecast.
Capital Financing	Capital financing for projects can be from four (4) main sources: Debt financing, reserves, annual rates and third party contributions (grants etc.). Grant funding is available only when approved and is therefore not a predictable source of financing for financial planning purposes. The greater the debt financing, the higher the annual amount (costs) needed to repay the principal and interest on any current or future debt. Financing from reserves can only be used if sufficient funds are available. Therefore annual contributions to reserves are required to build balances for use in future years. Financing from rates do not increase annual costs but tend to drive up rates in the year the capital expenditure is required.	Annual costs would increase to provide for reserve contributions and debt repayment. It should be noted that using debt financing would minimize spikes in funding required for capital projects and allocates cost to future users It is assumed that debt financing will be used when funds from other sources (reserves, grants, etc) are insufficient to finance the current year's capital program
Inflation	This is the annual rate of inflation as reported by Statistics Canada.	Annual inflation is assumed to be 2% for operating expenditures, with 3% being used for capital expenditures.
Market competition and pricing	The level of competition within the market place depends on the number of service providers available. Additionally, the capacity of industry service providers to meet the increasing demand for their services may tend to increase prices. Tender prices for future capital projects would be influenced by the market conditions at the time of tendering.	Potential higher prices depending on the future behaviour of the industry.

3.2 Full Cost Assessment

The full cost assessment identifies the current and future costs (i.e. the full costs) associated with the management of the water and wastewater systems over the next ten (10) years (2025 to 2034). The key cost areas include:

- Operations & Maintenance (O&M) cost projections;
- Cost of water supplied and wastewater treated by the Region;
- Capital Budget based on the approved capital forecast;
- Tangible Capital Asset (TCA) projections including asset replacement needs;
- Debt servicing requirements; and
- Reserve fund requirements.

The non-rate revenues associated with the systems are also identified. These are defined as revenues that are routinely generated each year by the daily operations and include administrative revenues such as service fees, penalties, operating grants and other direct user fees and service charges such as revenue from bulk water sales. It is important to note that the non-rate revenues do not include the revenues generated by the water and wastewater user rates. The full cost developed through the various analyses in this study identify the revenue requirements for the water and wastewater systems and form the basis for the future rates and charges.

3.3 Data Sources

The primary sources of data used in this review are listed in Table 3-3. In addition, information was also developed from discussions with input from Town staff, as required.

Table 3-2: Data Sources

Item	Data Source
Asset Life Expectancy	<ul style="list-style-type: none"> • Town’s TCA Policy and Asset Management Plan • Information Provided by the Town
Asset Replacement Costs	<ul style="list-style-type: none"> • Town’s TCA Policy and Asset Management Plan • Historical Costs Provided by the Town indexed to 2024
Asset Values	<ul style="list-style-type: none"> • Town’s TCA Policy and Asset Management Plan • Information Provided by the Town
O & M Costs and Revenue Projections	<ul style="list-style-type: none"> • Town’s 2024 Water Operating Budget
Capital Cost Projections	<ul style="list-style-type: none"> • Town’s 2024 Water Capital Budget and 2025-2033 Capital Forecasts
Debt	<ul style="list-style-type: none"> • Town’s 2024 Water and Wastewater Operating Budgets and 2025-2033 Capital Budget Forecasts
Investments, Reserve balances etc.	<ul style="list-style-type: none"> • Information provided by the Town
Existing Customers	<ul style="list-style-type: none"> • Town’s Customer count Provided by the Town
Growth	<ul style="list-style-type: none"> • Information Provided by the Town including information contained in the Niagara Region’s Official Plan

Water and Wastewater Volumes	<ul style="list-style-type: none"> Town’s actual historical Consumption Volumes provided by the Town
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4 Customer Growth

The cost of service depends on the number and type of customers and corresponding demand. Although most costs are fixed, variable costs such as annual chemical use and hydro costs can increase depending on the level of customer growth and water consumption and wastewater treated. Capital costs related to increasing system capacity to accommodate customer growth can also be influenced by growth and demand. In addition, the current rate structure is comprised of a fixed (base charge) per customer plus a consumption charge based on the metered volume of water consumed (billed wastewater flows). Therefore forecasting customer growth and annual water consumption volumes is essential to projecting future costs, revenue requirements and rates.

4.1 Current Customers

There are currently approximately 7,800 metered water customers and 6,300 metered wastewater customers based on information provided by the Town. This number is expected to increase over the 2025 – 2034 forecast period. Table 4-1 shows the current total number of residential and commercial customers.

Table 4-1: 2024 Customer Count

2024 Water and Wastewater Customers		
Customer by Meter Size	Water	Wastewater
up to 3/4"	7,360	5,977
1"	230	164
1.5"	80	63
2"	84	68
3"	26	21
4"	18	16
6"	6	4
8"	1	1
12"	-	-
Total	7,805	6,314

4.2 Customer Growth Projections

Table 4-2 shows the increase in total customers over the 2024-2034 forecast period. Customer growth projections reflect the residential and commercial customer growth for the Town as contained in the Niagara Region’s Official Plan.

Customer growth over the 2024-2034 forecast period is projected to be 1,495, consisting of 1,386 new residential customers and 109 new commercial customers. Detailed customer growth projections by year are presented in Appendix B.

Table 4-2: Customer Growth Projection

Service	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water	7,805	7,988	8,170	8,310	8,449	8,589	8,728	8,868	9,012	9,156	9,300
Wastewater	6,314	6,497	6,679	6,819	6,958	7,098	7,237	7,377	7,521	7,665	7,809

5 Volume Projections

5.1 2024 Water Consumption and Billed Wastewater Volume

There are estimated to be approximately 7,800 metered water customers projected to consume approximately 2.3 million m³ in 2024. When compared to the projected 3.0 million m³ of water to be supplied by the Region in 2024, it is estimated that there is approximately 0.7 million, or 24% of water supplied by the Region that is considered to be “non-revenue” or “unaccounted for”.

For wastewater, there are approximately 6,300 metered customers that are projected to generate in 2024 approximately 3.1 million m³ of wastewater volumes that will be treated by the Region. These volumes include 1.5 million m³ in wastewater flow contributions from water customers as well as inflow and infiltration (I&I) into the sanitary sewer system.

5.2 Projected Water Consumption and Billed Wastewater Volume

Projected water consumption and billed wastewater flow increases are based on projected customer growth. The 2024-2034 volume projections are shown below in Table 5-1.

Table 3:1 2024-2034 Projected Water and Wastewater Volumes

Service	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Projected Water Consumption	2,300,726	2,352,185	2,403,452	2,438,789	2,474,125	2,505,833	2,537,349	2,569,405	2,602,755	2,635,913	2,672,891
Projected Billed Wastewater Flows	1,540,591	1,592,050	1,643,317	1,678,654	1,710,169	1,741,877	1,773,393	1,804,909	1,838,800	1,875,778	1,912,756

6 Capital Budget Requirements

The future water and wastewater capital budget requirements are presented in Appendix C. This appendix reflect the projects identified by the Town’s 2025 to 2033 capital forecast. The 2033 capital projections were carried forward to 2034. Additional asset management lifecycle provisions as determined by the Town’s Asset Management plan were also included for both water and wastewater, thereby ensuring that sufficient annual capital funding was being provided from rates by 2034 to address the average annual capital lifecycle needs.

There is approximately \$32.1 million in projected water related capital expenditures and approximately \$20.9 million in projected wastewater related capital related expenditures required between 2025 and 2034.

Appendix C also show the projected sources of financing for the annual water and wastewater capital requirements. The level of water and wastewater rates have a direct impact on the mix of capital financing. The

Town will continue to finance its' capital requirements through cash from capital reserves. The Town will not be required to incur debt to cashflow projects as sufficient capital reserve funds are available over the forecast period. Debt financing and the reserve fund requirements are discussed in Sections 7.1 and 7.2.

6.1 Debt Financing

Issuance of debt allows for funds to be available in the year the project is required to proceed, with repayment of the debt occurring in future years. This approach supports the principle of user pay such that the beneficiaries of the new assets pay for their use through the debt repayment. Financing from capital reserve requires that sufficient funds be available in the reserve in the year the project is undertaken, through annual contributions from the operating budget to the reserve in prior years. Therefore, without debt or reserve financing, major rate increases, or "spikes" would be required in the project year to raise sufficient funds to cover the project expenditures.

The Town has used debt in the past as a source of capital financing. As previously noted, the Town will not be required to incur new debt to cashflow capital projects as sufficient capital reserve funds are available over the forecast period. There is however approximately \$68 thousand in remaining growth-related wastewater debt, which will be retired in 2025.

6.2 Reserve Fund Requirements

There are two (2) separate capital related reserve funds for water and wastewater for which projections are made over the study period:

- The Capital Reserve Fund; and
- Development Charges Reserve Fund.

There are also Rate Stabilization Reserves for both water and wastewater services. Rate stabilization reserves will provide a source of funding for water and wastewater to offset any year-end operating deficits that may occur during the year, thereby avoiding unplanned rate spikes in the subsequent year.

Appendix D shows the continuity schedule for each capital reserve fund and operating reserve projection. These schedules show the transfers to and from the respective reserve fund and the opening and closing balances.

Water Capital Reserve Fund

The Water Capital Reserve Fund is the primary source of financing for water projects and has a projected opening balance in 2024 of approximately \$5.8 million. Annual contributions to the water capital reserve fund are increasing over the forecast period to ensure sufficient funds are available to finance the water capital program, which includes provisions for additional asset management needs as contained in the Town's Asset Management Plan. The average annual water capital reserve fund contribution over the forecast period is estimated at \$2.9 million per year. While the annual closing balance of the water capital reserve fund is projected to decrease to approximately \$3.7 million by 2034, the 2034 closing balance represents about 115%

of the 10-year average annual water capital program. This ensures that the Town is in a strong position to begin funding water capital works beyond the study period.

Wastewater Capital Reserve Fund

The Wastewater Capital Reserve Fund is the primary source of financing for wastewater projects and has an opening balance in 2024 of approximately \$4.8 million. The annual contributions to the wastewater capital reserve are increasing so that sufficient funds are available to finance the wastewater capital program, which includes provisions for additional asset management needs as contained in the Town's Asset Management Plan. The average annual wastewater capital reserve fund contribution over the forecast period is estimated at \$1.7 million per year. While the annual closing balance of the wastewater capital reserve is projected to decrease to approximately \$2.3 million by 2034, The 2034 closing balance represents about 113% of the 10-year average annual wastewater capital program. This ensures that the Town is in a strong position to begin funding wastewater capital works beyond the study period.

Water Development Charges Reserve Fund

The Water Development Charges Reserve Fund has a negative opening balance in 2024 of (\$1.1) million, with a small increase to (\$0.5) million by 2034. As there are no growth-related water capital projects identified over the forecast period, there are no draws from this reserve fund.

Annual contributions to the water development charge reserve fund are based on the customer growth projections detailed in Section 4, and current water development charge rates indexed annually by 3%.

Wastewater Development Charges Reserve Fund

The Wastewater Development Charges Reserve Fund has an opening balance in 2024 of approximately \$462 thousand, increasing to approximately \$1.1 million by 2034. The only draw from this reserve fund over the forecast period is to service past growth-related wastewater debt, which as noted previously, will be retired in 2025.

Annual contributions to the wastewater development charge reserve fund are based on the customer growth projections detailed in Section 4, and current wastewater development charge rates indexed annually by 3%.

Water and Wastewater Rate Stabilization Reserves

As previously noted, this study recommends the use of a rate stabilization reserve for both water and wastewater services that will provide a source of funding to offset any year-end operating deficits that may occur during the period.

The water rate stabilization reserve is projected to achieve a balance of \$1.0 million by 2034. The wastewater rate stabilization reserve is projected to achieve a balance of \$1.2 million by 2034. These balances represent approximately 9.7% and 7.8% of their respective net water and wastewater operating expenditures. Best

practice in regard to a rate stabilization reserves, where volumetric rates are a major source of overall revenue, is to strive to maintain a reserve balance of between 5% - 10% of gross operating revenues.

7 Operations & Maintenance (O&M) Cost Projections

The annual operating budgets are based on the operations and maintenance needs of the Town's water and wastewater systems. These include operations and maintenance costs related to the water system (i.e. water purchases and water distribution), and the wastewater system (i.e. treated wastewater and wastewater collection). These costs generally include the staffing, materials, utilities and other costs related to the following:

- Administration;
- Contracted Services;
- Minor Capital; and
- Maintenance.

Transfers to reserves and debt servicing are typically included in the annual O&M budgets. These costs have however been addressed separately for the purposes of this report and are noted in Section 7.

A portion of the O&M costs is offset by non-rate revenues. These include:

- Penalties and late payment charges;
- Administrative service fees and charges;
- Bulk water and water used on construction revenues;
- Recoveries ,and
- Government grants (when available).

The projection of the gross costs and non-rate revenues over the study period is based on the Town's 2024 Water and Wastewater Operating Budgets. The assumptions used in arriving at these projections are as follows:

- 2025 and beyond, O&M costs (not including non-recurring costs, reserve transfers and debt servicing) will increase annually by 2%; and
- Regional water charges for the supply of treated water to the Town includes a fixed charge and variable charges based on the Region's uniform volumetric rate. The fixed charge represents the Town's proportionate share (based on the 3-year average volume consumed compared to other municipalities) of 25% of the Region's annual cost. It is assumed that the Town's proportionate share of those costs remain constant over the forecast period at 5.49%. The uniform rate is based on 75% of the Region's cost divided by the total volume of water produced by the Region. It is assumed that the Region's water costs increase by 3.8% annually. The Region's total water flows are assumed to remain constant over the forecast period.
- Regional wastewater treatment charges to the Town are based on the Town's proportionate share of total Region-wide costs. A rolling historical three (3) year average volume (from October

to September) is used by the Region to calculate the Town's proportionate share. At the end of each year the actual volumes of wastewater treated are determined by the Region based on actual flows and an adjustment to the Town's cost share is made included in the charge two (2) years later. It is assumed that the Region's wastewater costs increase by 9.90% annually and that the Town's proportionate share of those costs remain constant over the forecast period at 4.18%

Table 7.1 and Table 7.2 shows the Town's 2024 operating budgets for water and wastewater services including the net amount to be recovered from customers.

Appendix E summarizes the projected 2025 – 2034 water systems gross operating & maintenance costs, non-rate revenues and net costs to be recovered from customers through the Town's base and consumption charges. The net annual costs of the water system are expected to increase from \$6.9 million in 2024 to approximately \$10.8 million by 2034. The \$3.9 million increase in water operating cost over the forecast period is mainly due to a projected increase in the Regional Water cost of \$1.8 million, and a projected increase in the annual operating transfer to the water capital reserve of \$1.5 million.

Appendix F summarizes the projected 2025 – 2034 wastewater systems gross operating & maintenance costs, non-rate revenues and net costs to be recovered from customers through the Town's base and consumption charges. The net annual costs of the wastewater system are expected to increase from approximately \$5.3 million in 2024 to \$15.1 million by 2034. The \$9.9 million increase in wastewater operating cost over the forecast period is mainly due to a projected increase in the Regional Wastewater Treatment cost of \$6.7 million, and a projected increase in the annual operating transfer to the wastewater capital reserve of \$2.8 million.

Table 7-1: 2024 Water Operating Budget

Water Service 2024 Operating Budget	
<u>Operating Expenditures</u>	
Environmental Program Support	\$ 1,175,456
Program Administration	\$ 399,721
Training Division	\$ 11,500
Inventory Maintenance	\$ 100
Compliance	\$ 9,450
Bulk Water Station	\$ 18,600
Hydrants - Repair and Replace	\$ 17,500
Irrigation from Hydrants	\$ 12,100
Meter Installations	\$ 10,625
Meter Repairs	\$ 13,300
Main Line Repair	\$ 16,430
Repair & Replace Services	\$ 57,660
Service Installations (New)	\$ 17,800
Utility Locates	\$ 209,015
Valves	\$ 7,650
Water Sampling & Testing	\$ 31,450
Watermain Cleaning	\$ 2,760
Regional Water Charges - Fixed	\$ 732,000
Regional Water Charges - Variable	\$ 2,133,844
<u>Rate Stabilization Contributions</u>	
Transfer to Operating Reserve	\$ 34
Sub Total Operating Expenditures	\$ 4,876,994
<u>Capital-Related</u>	
Transfer to Capital Reserves and Reserve Funds	\$ 2,172,449
Sub Total Capital Related Expenditures	\$ 2,172,449
Total Expenditures	\$ 7,049,444
<u>Non-Rate Revenues</u>	
On & Off Fees	\$ 1,200
Water on Construction	\$ 20,000
Water Sales	\$ 68,030
Hydrants - Repair & Replace - Services Rendered	\$ 13,000
Irrigation & Hydrants - Services Rendered	\$ 8,000
Meter Installation - Services Rendered	\$ 50,000
Meter Repairs - Services Rendered	\$ 370
Repair & Replace Services - Services Rendered	\$ 3,610
Service Installations (New) - Services Rendered	\$ 12,000
Total-Non Rate Revenues	\$ 176,210
Net Water Costs To Be Recovered From Users	\$ 6,873,234

Table 7-2: 2024 Wastewater Operating Budget

Wastewater Service 2024 Operating Budget	
<u>Operating Expenditures</u>	
Environmental Program Support	293,541
Program Administration	276,287
Training Division	3,140
Compliance	3,000
Lateral Cleaning & Maintenance	27,000
Manhole Maintenance	5,000
Sewer CCTV Inspections	80,000
Sewer Lateral Install & Repair	39,400
Sewer Main Cleaning	85,000
Sewer Main Repairs	14,600
Trenchless Repair Program	110,500
Grinder Pumps	17,000
Regional Wastewater Charges - Fixed	4,221,000
Sub Total Operating Expenditures	5,175,468
<u>Capital-Related</u>	
Existing Debt (Principal) - Growth Related	67,581
Existing Debt (Interest) - Growth Related	4,383
Transfer to Capital Reserves and Reserve Funds	374,372
Sub Total Capital Related Expenditures	446,335
Total Expenditures	5,621,804
<u>Non-Rate Revenues</u>	
Administration Revenue	1,480
Miscellaneous Revenue	10,000
Program Administration - Services Rendered	250,000
Lateral Cleaning & Maintenance Services Rendered	80
Sewer Lateral Install & Repair - Services Rendered	21,570
Sewer Main Repair - Services Rendered	110
Grinder pump - Services Rendered	10,000
Total-Non Rate Revenues	293,240
<u>Operating Subsidies</u>	
Contributions from Development Charges Reserve Fund	71,964
Contributions from Operating Reserve	48
Total Operating Revenue	365,252
Net Wastewater Costs To Be Recovered From Users	5,256,552

8 Sustainable User Rates and Revenues

Appendix G presents the projected 2025 – 2034 sustainable water rates and revenues. Appendix H presents the projected 2025-2034 sustainable wastewater rates and revenues. These rates and revenues are based on the Town’s current water and wastewater rate structure. The costs and revenues contained in Section 6 (Capital Budget Requirements) and Section 7 (Operating & Maintenance Cost Projections), and the projected growth contained in Section 4 (Customer Growth) and Section 5 (Volume Projections) were considered in calculating the sustainable user rates and revenues as presented in this section.

8.1 Current Rates and Charges

The Town's current rate structure and rates are shown in Table 8-1. The rate structure includes a fixed charge to the customer based on the size of the water meter plus a uniform consumption rate. This rate structure is consistent with industry best practice.

Table 8-1: Current 2024 Water and Wastewater Rates and Charges

Rate Component	Meter Size	Rates	
		Water	Wastewater
Uniform Rate (\$/M ³ of Metered Water Consumed)		\$ 1.7086	\$ 1.5646
Fixed Annual charge Based on Meter Size (\$/Year)	up to 3/4"	\$ 335.72	\$ 401.88
	1"	\$ 470.41	\$ 562.56
	1.5"	\$ 604.70	\$ 723.36
	2"	\$ 974.20	\$ 1,148.76
	3"	\$ 3,695.36	\$ 4,419.96
	4"	\$ 4,703.06	\$ 5,625.72
	6"	\$ 7,054.46	\$ 8,438.40
	8"	\$ 9,741.98	\$ 11,653.20
	12"	\$ 13,437.20	\$ 16,073.28

8.2 Water Rates and Revenue Projection

Table 8-2 presents the projected sustainable water rates and revenues for the five (5) year period 2025 – 2029. The 10-year projection of water rates and revenue is detailed in Appendix H. Based on the full cost assessment of the Town’s water system the current water rates are required to be increased annually by 3% over the forecast period. As noted at the bottom of Table 8-2, the split between the revenue generated from the base charge and revenue generated from the volumetric rate stays constant with 43% fixed and 57% variable. This is consistent with industry best practice as the majority of the Town’s cost related to the delivery of water is fixed in nature, including the 25% fixed portion of the cost of water purchased by the Town from the Region.

Table 8-2: Projected Water Rates and Revenues

Projected Annual Water Base Charges and Revenues					
Customer Type	2025	2026	2027	2028	2029
Annual Increase % Increases	3.00%	3.00%	3.00%	3.00%	3.00%
up to 3/4"	\$ 345.79	\$ 356.17	\$ 366.85	\$ 377.86	\$ 389.19
1"	\$ 484.52	\$ 499.06	\$ 514.03	\$ 529.45	\$ 545.33
1.5"	\$ 622.84	\$ 641.53	\$ 660.77	\$ 680.60	\$ 701.01
2"	\$ 1,003.43	\$ 1,033.53	\$ 1,064.53	\$ 1,096.47	\$ 1,129.36
3"	\$ 3,806.22	\$ 3,920.41	\$ 4,038.02	\$ 4,159.16	\$ 4,283.94
4"	\$ 4,844.15	\$ 4,989.48	\$ 5,139.16	\$ 5,293.34	\$ 5,452.14
6"	\$ 7,266.09	\$ 7,484.08	\$ 7,708.60	\$ 7,939.86	\$ 8,178.05
8"	\$ 10,034.24	\$ 10,335.27	\$ 10,645.32	\$ 10,964.68	\$ 11,293.62
12"	\$ 13,840.32	\$ 14,255.53	\$ 14,683.19	\$ 15,123.69	\$ 15,577.40
Projected Annual Revenue Generated from Base Charges	\$ 3,094,964	\$ 3,253,990	\$ 3,404,364	\$ 3,559,735	\$ 3,721,754
Projected Annual Uniform Water Rates & Revenues					
Customer Type	2025	2026	2027	2028	2029
Annual Increase % Increases	3.00%	3.00%	3.00%	3.00%	3.00%
Uniform Rate per Metre 3	\$ 1.7599	\$ 1.8127	\$ 1.8671	\$ 1.9231	\$ 1.9808
Projected Annual Uniform Rate Revenues	\$ 4,139,626	\$ 4,356,746	\$ 4,553,425	\$ 4,757,982	\$ 4,963,529
Projected Base (Fixed) Revenues vs. Uniform (Variable) Revenues					
Revenue Type	2025	2026	2027	2028	2029
Base Rate Revenue Percentage	43%	43%	43%	43%	43%
Uniform Rate Revenue Percentage	57%	57%	57%	57%	57%

8.3 Wastewater Rates and Revenue Projection

Table 8-3 presents the projected sustainable wastewater rates and revenues for the five (5) year period 2025 – 2029. The 10-year projection of wastewater rates and revenue is detailed in Appendix I. Based on the full cost assessment of the Town’s wastewater system the current rates are required to be increased annually by 10% to year 2027, then by 9% annually to year 2030, then by 8% annually to the end of the forecast period. As noted at the bottom of Table 8-3, the split between the revenue generated from the base charge and revenue generated from the volumetric rate stays constant with 54% fixed and 46% variable. This is consistent with industry best practice as the majority of the Town’s cost related to the wastewater services delivered by the Town is fixed in nature, including 100% of the cost for the treatment of wastewater by the Region.

Table 8-3: Projected Wastewater Rates and Revenues

Projected Annual Wastewater Base Charges and Revenues					
Customer Type	2025	2026	2027	2028	2029
Annual Increase % Increases	10.00%	10.00%	10.00%	9.00%	9.00%
up to 3/4"	\$ 442.04	\$ 486.25	\$ 534.87	\$ 583.01	\$ 635.48
1"	\$ 618.86	\$ 680.74	\$ 748.82	\$ 816.21	\$ 889.67
1.5"	\$ 795.67	\$ 875.24	\$ 962.77	\$ 1,049.42	\$ 1,143.86
2"	\$ 1,263.59	\$ 1,389.95	\$ 1,528.94	\$ 1,666.55	\$ 1,816.54
3"	\$ 4,862.01	\$ 5,348.22	\$ 5,883.04	\$ 6,412.51	\$ 6,989.64
4"	\$ 6,188.29	\$ 6,807.12	\$ 7,487.83	\$ 8,161.73	\$ 8,896.29
6"	\$ 9,282.28	\$ 10,210.51	\$ 11,231.56	\$ 12,242.40	\$ 13,344.22
8"	\$ 12,818.47	\$ 14,100.31	\$ 15,510.35	\$ 16,906.28	\$ 18,427.84
12"	\$ 17,680.63	\$ 19,448.69	\$ 21,393.56	\$ 23,318.98	\$ 25,417.69
Projected Annual Revenue Generated from Base Charges	\$ 3,213,226	\$ 3,624,853	\$ 4,064,208	\$ 4,512,109	\$ 5,008,347
Projected Annual Uniform Wastewater Rates & Revenues					
Customer Type	2025	2026	2027	2028	2029
Annual Increase % Increases	10.00%	10.00%	10.00%	9.00%	9.00%
Uniform Rate per Metre 3	\$ 1.7211	\$ 1.8932	\$ 2.0825	\$ 2.2700	\$ 2.4743
Projected Wastewater Flows	1,592,050	1,643,317	1,678,654	1,710,169	1,741,877
Projected Annual Uniform Rate Revenues	\$ 2,740,084	\$ 3,111,152	\$ 3,495,856	\$ 3,882,023	\$ 4,309,859
Projected Base (Fixed) Revenues vs. Uniform (Variable) Revenues					
Revenue Type	2025	2026	2027	2028	2029
Base Rate Revenue Percentage	54%	54%	54%	54%	54%
Uniform Rate Revenue Percentage	46%	46%	46%	46%	46%

9 O.Reg 453/07 Water System Financial Plan No. 069-301A

Regulation 188/07 under the Safe Drinking Water Act requires Ontario municipalities to apply for and obtain Drinking Water System Licences as part of their overall DWQMS. One of the requirements of holding a valid drinking water licence is preparing and submitting to the Province an updated financial plan in accordance with O.Reg. 453/07. The financial plan must include financial statements on the following:

- The proposed or projected financial position of the drinking water systems;
- The proposed or projected gross cash receipts and gross cash payments;
- The proposed or projected financial operations of the drinking water system; and
- Details on the extent to which the above information applies to the replacement of lead service pipes, if applicable.

Appendix I lists each requirement of the regulation and references the respective financial statements and other relevant information required under each regulatory requirement. The financial plan must apply to a period of at least six (6) years with the first year being the year the existing license expires. As the Town's license will expire in 2025, this analysis was undertaken in 2024. Therefore, the updated Water System Financial Plan will be for the period of seven (7), or from 2024 to 2030. This plan is based on the results of the rate study. Upon Council's approval the financial plan would be made available to the public at no charge and posted on the Town's website. It will also be submitted to the Province as part of the Town's drinking water license renewal application.

This section presents an updated water system financial plan as defined in O.Reg. 453/07, thereby allowing the Town to fulfil its obligations under the drinking water licensing regulations for the renewal of its drinking water systems license. The number for the updated financial plan is 069-301A.

9.1 Water Tangible Capital Assets (TCA) Analysis

The results of the rate study contained in this report are used as the basis for preparing the water system financial plan. The Town's Tangible Capital Asset inventories were also used in the preparation of the water system financial plan. The amortization of the tangible capital assets is shown as a "non-cash" annual cost that reflects the annual "use" of assets until the end of their respective useful lives. Allowances are made to finance the replacement and/ or rehabilitation of the existing assets once they "expire" and can no longer play a role in providing the required drinking water service to customers. It should be noted however that since amortization is based on the original (historical) cost at the time the asset was placed in service it does not account for inflation since the year of installation. Therefore, basing asset replacement costs on amortization alone is not sufficient to cover the future replacement needs.

The TCA projections contained in the Town's water financial plan are based on the following assumptions:

- Amortization of existing assets is based on the Town's Tangible Capital Assets Policies and Procedures. Amortization of new infrastructure investments is based on straight line depreciation with half year depreciation charged in the year of acquisition;
- Historical costs, life expectancy and remaining useful life are as identified in the TCA data provided by the Town;
- Fully depreciated assets continue to be used in service i.e. no asset removals; and
- New assets to be acquired are based on the capital forecast presented. The forecast includes projects in the Town's Capital Budget Forecast and asset replacement projections based on the Town's Asset Management Plan.

Water Asset Value

The water system is comprised of the following asset classes:

- Water Mains;
- Hydrant Leads
- Curb Stops
- Water Connections
- Water Valves; and
- Water Meters.

Table 10-2 shows the projected capital asset value based on historical cost and accumulated amortization to 2024. This is reflected as the net book value (NBV) i.e. the "accounting" value and indicates that the water system as a whole is approximately 27% depreciated or has approximately 73% remaining life based on the TCA data. This suggests that the water system assets are relatively new.

Table 9-1: Water – Asset Amortization and Book Value (NBV)

2024 Water Asset Details		
Historical Cost	\$76,390,432	100%
Accumulated Amortization	\$20,582,345	27%
Net Book Value	\$55,808,087	73%

9.2 Water Financial Statements

This financial plan involves the review, analysis and assessment of financial information contained in the rate study including costs, revenues, debt, cash transactions and Tangible Capital Assets (TCA) to prepare the following three (3) financial statements covering the period 2024 - 2030 as required under O.Reg 453/07:

- Statement of Financial Position;
- Statement of Operations; and
- Statement of Cash Flow

9.2.1 Water - Statement of Financial Position

The Statement of Financial Position is presented in Table 9-2. This statement summarizes the Town’s water-related financial and non-financial assets i.e. Tangible Capital Assets (TCA) and liabilities and provides the net financial asset (or net debt) position and accumulated surplus related to managing the water system. The financial assets are primarily cash balances in the water reserves and reserve funds. Liabilities consist of the development charge reserve fund balances (i.e. deferred revenues) and water long-term debt. The non-financial assets (TCA) include the Town’s water infrastructure. The historical costs are amortized over the asset life to arrive at the net book value each year from 2024 to 2030. New assets are added in the years acquired, developed or built. Contributed assets are primarily new infrastructure and facilities that would be transferred to the Town’s ownership and control by developers as they are completed. However this is assumed to be zero. It is also assumed that other non-financial assets such as inventory and prepaid expenses are zero.

Contained within the Statement of Financial Position are important indicators, the first being net financial assets (or net debt) which is defined as the difference between financial assets and liabilities. This indicator provides a measure of the water system's "future revenue requirement". Table 9-2 indicates that in 2024, the Town's water system will be in a net financial asset position of \$6.0 million. This will decrease to a net financial asset position of \$4.4 million by 2030. The net financial asset position indicates that financial resources will be available to fund future operations. The decrease in net financial assets is due to a reduction in financial assets, along with a reduction in negative deferred revenues, which in the Town’s case reflects the reduction in the negative water development charge reserve balance.

The next important indicator contained in the Statement of Financial Position is the net book value of TCA. Table 9-2 shows that net TCA are expected to increase over the forecast period by about \$11.0 million. This indicates that the Town has plans to invest in tangible capital assets greater than the consumption of existing assets. Further, a consumption ratio consisting of the accumulated amortization of the Town's TCA as a percent of

historical cost ratio highlights the aged condition of the assets and their potential replacement needs. The Town's Water Asset Consumption Ratio increases over the forecast period from 27% to 26%, suggesting that the water system would be approximately a quarter through its life expectancy by 2030 and that adequate funds to are being allocated to finance the replacement or rehabilitation of aging assets as they expire.

Another important indicator in the Statement of Financial Position is the accumulated surplus. This indicator provides a measure of the resources available to the Town for managing its water system. The accumulated surplus is projected to increase slightly from approximately \$61.8 million in 2024 to approximately \$71.2 million by 2030. The accumulated surplus consists of non-financial assets that are made up of the net TCA balance representing past investments in water infrastructure and net-financial asset balances that are available to fund future operations.

Table 9-2: Water – Statement of Financial Position

	2024	2025	2026	2027	2028	2029	2030
Financial Assets							
Cash,Receivables and Investment	\$4,973,795	\$4,586,427	\$4,290,774	\$4,023,985	\$3,822,213	\$3,689,974	\$3,629,193
Total Financial Assets	\$4,973,795	\$4,586,427	\$4,290,774	\$4,023,985	\$3,822,213	\$3,689,974	\$3,629,193
Financial Liabilities							
Accounts Payable & Deferred Revenue	(\$1,051,634)	(\$978,084)	(\$901,395)	(\$860,320)	(\$820,830)	(\$778,922)	(\$735,355)
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Financial Liabilities	(\$1,051,634)	(\$978,084)	(\$901,395)	(\$860,320)	(\$820,830)	(\$778,922)	(\$735,355)
Net Financial Assets (Net Debt)	\$6,025,429	\$5,564,512	\$5,192,170	\$4,884,305	\$4,643,043	\$4,468,896	\$4,364,549
Non-Financial Assets							
Tangible Capital Assets	\$76,390,432	\$78,603,291	\$80,874,025	\$83,198,189	\$85,571,612	\$88,009,219	\$90,511,555
Accumulated Amortization	(\$20,582,345)	(\$21,092,688)	(\$21,610,876)	(\$22,130,922)	(\$22,647,306)	(\$23,174,678)	(\$23,711,943)
Total Non-Financial Assets	\$55,808,087	\$57,510,602	\$59,263,149	\$61,067,268	\$62,924,306	\$64,834,542	\$66,799,612
Accumulated Surplus	\$61,833,516	\$63,075,114	\$64,455,319	\$65,951,572	\$67,567,348	\$69,303,438	\$71,164,161
Financial Indicators							
Increase (Decrease) in Net Financial Assets	\$38,449	(\$460,917)	(\$372,342)	(\$307,865)	(\$241,262)	(\$174,146)	(\$104,348)
Increase (Decrease) in Tangible Capital Assets	\$1,060,379	\$1,702,516	\$1,752,547	\$1,804,118	\$1,857,038	\$1,910,236	\$1,965,071
Increase (Decrease) in Accumulated Surplus	\$1,098,828	\$1,241,598	\$1,380,205	\$1,496,253	\$1,615,776	\$1,736,090	\$1,860,723
Water Asset Consumption Ratio	27%	27%	27%	27%	26%	26%	26%

9.2.2 Water - Statement of Operations

The Statement of Operations is presented in Table 9-3 It summarizes the annual revenues and expenses associated with managing the Town's water system. It provides a report on the transactions and events that have an influence on the accumulated surplus. The main revenue items included are:

- Revenues from Water Rates and Charges;
- Earned Revenues (capital and operating contributions from development charges); and
- Other Revenues (bulk water revenues, miscellaneous fees and charges).

The main expense items are:

- The annual cost of operating and maintaining the water systems and non-TCA capital;
- Interest on long-term debt; and
- Amortization expenses on existing and added TCA.

The operating surplus (or deficit) is an important indicator contained in the Statement of Operations. An operating surplus (deficit) measures whether operating revenues generated in a year were sufficient to cover operating expenses incurred in that year. It is important to note that an annual surplus is necessary to ensure funds will be available to address non-expense items such as TCA acquisitions over and above amortization expenses, reserve/reserve fund contributions for asset replacement and rate stabilization, and repayment of outstanding debt principal. A ratio of operating surplus to total revenue is shown in Table 9-3 and reflects the percent of total revenue that can be allocated to funding the non-expense items noted above.

Table 9-3: Water – Statement of Operation

	2024	2025	2026	2027	2028	2029	2030
Water Revenue							
Rate Revenue	\$6,873,234	\$7,234,589	\$7,610,736	\$7,957,788	\$8,317,717	\$8,685,283	\$9,066,623
Earned Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenue	\$176,210	\$179,734	\$183,329	\$186,995	\$190,735	\$194,550	\$198,441
Total Revenues	\$7,049,444	\$7,414,324	\$7,794,065	\$8,144,784	\$8,508,453	\$8,879,833	\$9,265,064
Water Expenses							
Operating Expenses	\$4,876,961	\$5,075,241	\$5,282,407	\$5,482,129	\$5,690,079	\$5,902,555	\$6,123,445
Interest on Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortization	\$1,074,621	\$1,097,484	\$1,131,453	\$1,166,402	\$1,202,598	\$1,241,189	\$1,280,897
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$5,951,581	\$6,172,725	\$6,413,860	\$6,648,530	\$6,892,677	\$7,143,744	\$7,404,341
Annual Surplus/(Deficit)	\$1,097,862	\$1,241,598	\$1,380,205	\$1,496,253	\$1,615,776	\$1,736,089	\$1,860,723
Accumulated Surplus/(Deficit), Beginning of Year	\$60,734,688	\$61,833,516	\$63,075,114	\$64,455,319	\$65,951,573	\$67,567,348	\$69,303,438
Accumulated Surplus/ (Deficit), End of Year	\$61,833,516	\$63,075,114	\$64,455,319	\$65,951,573	\$67,567,348	\$69,303,438	\$71,164,160
Financial Indicators	2024	2025	2026	2027	2028	2029	2030
Increase (Decrease) in Total Revenues	N/A	N/A	\$379,741	\$350,719	\$363,669	\$371,380	\$385,231
Increase (Decrease) in Total Expenses	N/A	N/A	\$241,135	\$234,671	\$244,147	\$251,067	\$260,598
Increase (Decrease) in Annual Surplus	N/A	N/A	\$138,607	\$116,048	\$119,522	\$120,313	\$124,634
Operating Surplus Ratio	15.6%	N/A	17.7%	18.4%	19.0%	19.6%	20.1%

9.2.3 Water - Statement of Cash Flows

The Statement of Cash Flow is presented in Table 9-4. This statement summarizes the main cash inflows and outflows related to the water system in four (4) main areas - operating, capital, investing and financing, and shows the annual changes in cash.

The operating cash transactions begin with the surplus or deficit identified in the Statement of Operations. This figure is adjusted to add or subtract non-cash items that were included as revenues or expenses (e.g. amortization expenses and earned revenues). It is assumed that there are no “investing activities” over the period. The capital section indicates the amounts to be spent to acquire capital assets (TCA) or to be received from the sale of assets. In the Town’s case, it is assumed that there are no assets to be sold to generate cash. The financing section identifies funds received from development charge receipts and interest earned on the

reserve fund balance and proceeds from the issuance of debenture as cash inflows, and the portion of debt repaid as cash outflows. There were no debt issuances or repayments over the forecast period.

Table 9-4 indicates that cash is being generated from operations, which is used in funding the acquisition of TCA and towards building internal reserves. The Town's cash position is projected to decrease over the forecast period from \$5.0 million in 2024 to a \$3.6 million in 2030.

Table 9-4: Water – Statement of Cash Flow

	2024	2025	2026	2027	2028	2029	2030
Cash Provided by:							
Operating Activities							
Annual Surplus/(Deficit)	\$1,097,862	\$1,241,598	\$1,380,205	\$1,496,253	\$1,615,776	\$1,736,089	\$1,860,723
Non-Cash Items							
Amortization	\$1,074,621	\$1,097,484	\$1,131,453	\$1,166,402	\$1,202,598	\$1,241,189	\$1,280,897
Earned Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Change in Cash Provided by Operating Activities	\$2,172,483	\$2,339,083	\$2,511,658	\$2,662,655	\$2,818,373	\$2,977,278	\$3,141,620
Capital Activities							
Purchase of TCA	(\$2,135,000)	(\$2,800,000)	(\$2,884,000)	(\$2,970,520)	(\$3,059,636)	(\$3,151,425)	(\$3,245,967)
Net Change in Cash Used in Capital Activities	(\$2,135,000)	(\$2,800,000)	(\$2,884,000)	(\$2,970,520)	(\$3,059,636)	(\$3,151,425)	(\$3,245,967)
Financing Activities							
DC Collections	\$69,793	\$73,550	\$76,689	\$41,076	\$39,490	\$41,908	\$43,567
External Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds From Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repayment of Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Change in Cash Used in Financing Activities	\$69,793	\$73,550	\$76,689	\$41,076	\$39,490	\$41,908	\$43,568
Net Change in Cash and Cash Equivalents	\$107,276	(\$387,367)	(\$295,653)	(\$266,789)	(\$201,772)	(\$132,239)	(\$60,780)
Cash and Cash Equivalents, Beginning of the Year	\$4,865,553	\$4,973,795	\$4,586,427	\$4,290,774	\$4,023,985	\$3,822,213	\$3,689,974
Cash and Cash Equivalents, End of the Year	\$4,973,795	\$4,586,427	\$4,290,774	\$4,023,985	\$3,822,213	\$3,689,974	\$3,629,193

9.3 Lead Service Pipe Removal

The financial plan is also required to detail the extent to which the information described above relates directly to the replacement of lead service pipes.

The Town conducts sampling of water delivered to customers including via lead service pipes, in accordance with the standard sampling protocol outlined in Schedule 15.1 of O.Reg. 170/03. The Town's current approach for lead service pipe removal involves replacement upon discovery of service material. The financial statements do not include removal costs.

10 Wastewater System Financial Plan

Preparing a Wastewater System Financial Plan is not mandatory but has become a municipal best practice over the past few years. It is typically prepared in accordance with the requirements of O.Reg 453/07 which applies to water systems.

This financial plan involves the review, analysis and assessment of financial information contained in the rate study including costs, revenues, debt, cash transactions and Tangible Capital Assets (TCA) to prepare the following three (3) financial statements covering the period 2024 to 2030 as required under O.Reg. 453/07:

- Statement of Financial Position;
- Statement of Operations; and
- Statement of Cash Flow.

The wastewater system financial plan applies to a period of (7) seven years from 2024 to 2030 to be consistent with the period covered by the water system financial plan. It is anticipated that the financial plan would be made available to the public at no charge on the Town's website following final approval of the rate study and financial plan by Council.

10.1 Wastewater Tangible Capital Assets (TCA) Analysis

The results of the rate study contained in this report are used as the basis for preparing the wastewater system financial plan. The Town's Asset Inventories were also used in the preparation of the wastewater system financial plan. The amortization of the tangible capital assets is shown as a "non-cash" annual cost that reflects the annual "use" of assets until the end of their respective useful lives. Allowances are made to finance the replacement and/ or rehabilitation of the existing assets once they "expire" and can no longer play a role in providing the required wastewater service to customers. However, it should be noted that since amortization is based on the original (historical) cost at the time the asset was placed in service it does not account for inflation since the year of installation. Therefore, basing asset replacement costs on amortization alone is not sufficient to cover the future replacement needs.

The TCA projections contained in the Town's wastewater financial plan are based on the following assumptions:

- Amortization of existing assets is based on the Town's Tangible Capital Assets policies and procedures. Amortization of new infrastructure investments is based on straight line depreciation with half year depreciation charged in the year of acquisition;
- Historical costs, life expectancy and remaining useful life as per the TCA data provided by the Town;
- Fully depreciated assets continue to be used in service i.e. no asset removals; and
- New assets to be acquired are based on the capital forecast. The forecast includes projects in the Town's Capital Budget Forecast and asset replacement projections based on the Town's Asset Management Plan.

Wastewater Asset Value

The wastewater system is comprised of the following asset classes:

- Sewer Mains;
- Laterals; and
- Manholes.

Table 10-1 shows the current capital asset value based on historical cost and accumulated amortization to 2020. This is reflected as the net book value (NBV) i.e. the “accounting” value, and indicates that the wastewater system as a whole is approximately 30% depreciated or has approximately 70% remaining life based on the TCA data. This suggests that the water system assets are relatively new

Table 10-1: Wastewater – Asset Amortization and 2024 Net Book Value (NBV)

2024 Wastewater Asset Details		
Historical Cost	\$43,332,884	100%
Accumulated Amortization	\$14,778,629	34%
Net Book Value	\$28,554,254	66%

10.2 Wastewater Financial Statements

This financial plan involves the review, analysis and assessment of financial information contained in the rate study including costs, revenues, debt, cash transactions and Tangible Capital Assets (TCA) to prepare the following three (3) financial statements covering the period 2024 - 2030 as required under O.Reg 453/07:

- Statement of Financial Position;
- Statement of Operations; and
- Statement of Cash Flow.

10.2.1 Wastewater - Statement of Financial Position

The Statement of Financial Position is presented in Table 10-2. This statement summarizes the Town’s wastewater related financial and non-financial assets (Tangible Capital Assets – TCA) and liabilities, and provides the net financial asset/ (net debt) position and accumulated surplus related to managing the wastewater system. The financial assets are primarily cash balances in the wastewater reserves and reserve funds. Liabilities consist of the development charge reserve fund balances (i.e. deferred revenues) and wastewater long-term debt. The non-financial assets (TCA) include the Town’s wastewater infrastructure. The historical costs are amortized over the asset life to arrive at the net book value each year from 2024 to 2030. New assets are added in the years acquired, developed or built. Contributed assets are primarily new infrastructure that would be transferred to the Town’s ownership and control by developers as they are completed. However this is assumed to be zero. It is also assumed that other non-financial assets such as inventory and prepaid expenses are zero.

Contained within the Statement of Financial Position are important indicators, the first being net financial assets (or net debt) which is defined as the difference between financial assets and liabilities. This indicator provides a measure of the wastewater system’s "future revenue requirement". Table 10.2 indicates that in 2024, the Town's wastewater system will be in a net financial asset position in the amount of \$4.5 million. There will be a decrease in the net financial asset position to \$1.0 million by 2030. The net financial asset position indicates that financial resources will be available to fund future operations. The decrease in net financial assets position is due to a combination of an decrease in the cash position, and an increase in liabilities, mainly through an increase in deferred revenue. The next important indicator contained in the Statement of Financial Position is the net book value of TCA. Table 10-2 shows that net TCA are expected to grow by \$9.2 over the forecast period,

or from \$43.3 million in 2024 to \$52.5 million 2030. This indicates that the Town has plans to invest in tangible capital assets in excess of the consumption of existing assets. Further, a consumption ratio consisting of the accumulated amortization of the Town's TCA as a percent of historical cost ratio highlights the aged condition of the assets and their potential replacement needs. The Town's Wastewater Asset Consumption Ratio decreases over the forecast period from 34% in 2024 to 31% in 2030, suggesting that the wastewater system would be approximately a third through its life expectancy by 2030 and that adequate funds to are being allocated to finance the replacement or rehabilitation of aging assets as they expire.

Another important indicator in the Statement of Financial Position is the accumulated surplus. This indicator provides measure of the resources available to the Town for managing its wastewater system. The accumulated surplus is projected to increase from approximately \$33.0 million in 2024 to approximately \$37.5 million by 2030 The accumulated surplus consists of non-financial assets that are made up of the net TCA balance representing past investments in wastewater infrastructure and is increased net-financial asset balances that are available to fund future operations.

Table 10-2: Wastewater - Statement of Financial Position

	2024	2025	2026	2027	2028	2029	2030
Financial Assets							
Cash,Receivables and Investment	\$5,042,093	\$3,860,162	\$3,003,842	\$2,363,064	\$1,926,586	\$1,730,964	\$1,810,001
Total Financial Assets	\$5,042,093	\$3,860,162	\$3,003,842	\$2,363,064	\$1,926,586	\$1,730,964	\$1,810,001
Financial Liabilities							
Accounts Payable & Deferred Revenue	\$469,669	\$482,877	\$567,836	\$620,635	\$672,114	\$725,934	\$781,392
Long-term Liabilities	\$67,581	\$0	\$0	\$0	\$0	\$0	\$0
Total Financial Liabilities	\$537,249	\$482,877	\$567,836	\$620,635	\$672,114	\$725,934	\$781,392
Net Financial Assets (Net Debt)	\$4,504,844	\$3,377,285	\$2,436,006	\$1,742,429	\$1,254,472	\$1,005,029	\$1,028,609
Non-Financial Assets							
Tangible Capital Assets	\$43,332,884	\$44,771,242	\$46,247,219	\$47,757,926	\$49,300,651	\$50,885,095	\$52,511,614
Accumulated Amortization	(\$14,778,629)	(\$14,978,477)	(\$15,184,404)	(\$15,392,502)	(\$15,599,064)	(\$15,812,824)	(\$16,032,793)
Total Non-Financial Assets	\$28,554,254	\$29,792,765	\$31,062,816	\$32,365,424	\$33,701,587	\$35,072,271	\$36,478,821
Accumulated Surplus	\$33,059,098	\$33,170,050	\$33,498,821	\$34,107,853	\$34,956,059	\$36,077,301	\$37,507,430
Financial Indicators							
Increase (Decrease) in Net Financial Assets	(\$383,145)	(\$1,127,559)	(\$941,279)	(\$693,576)	(\$487,957)	(\$249,443)	\$23,579
Increase (Decrease) in Tangible Capital Assets	\$255,586	\$1,238,511	\$1,270,050	\$1,302,608	\$1,336,163	\$1,370,684	\$1,406,550
Increase (Decrease) in Accumulated Surplus	(\$127,558)	\$110,952	\$328,772	\$609,032	\$848,206	\$1,121,241	\$1,430,129
Water Asset Consumption Ratio	34%	33%	33%	32%	32%	31%	31%

10.2.2 Wastewater - Statement of Operations

The Statement of Operations is presented in Table 10-3 It summarizes the annual revenues and expenses associated with managing the Town's wastewater system. It provides a report on the transactions and events that have an influence on the accumulated surplus. The main revenue items included are:

- Revenues from Wastewater Rates and Charges;

- Earned Revenues (capital contributions from development charges and capital grants); and
- Other Revenues (miscellaneous fees and charges).

The main expense items are:

- The annual cost of operating and maintaining the wastewater system and non-TCA capital;
- Interest on long-term debt; and
- Amortization expenses on existing and new TCA.

The operating surplus/ (deficit) is an important indicator contained in the Statement of Operations. An operating surplus/ (deficit) measures whether operating revenues generated in a year were sufficient to cover operating expenses incurred in that year. It is important to note that an annual surplus is necessary to ensure funds will be available to address non-expense items such as TCA acquisitions over and above amortization expenses, reserve/reserve fund contributions for asset replacement and rate stabilization, and repayment of outstanding debt principal. A ratio of operating surplus to total revenue is shown in Table 10-3 and reflects the percent of total revenue that can be allocated to funding the non-expense items noted above.

Table 10-3: Wastewater - Statement of Operations

	2024	2025	2026	2027	2028	2029	2030
Water Revenue							
Rate Revenue	\$5,256,552	\$5,953,310	\$6,736,005	\$7,560,065	\$8,394,132	\$9,318,206	\$10,339,409
Earned Revenue	\$71,964	\$68,771	\$0	\$0	\$0	\$0	\$0
Other Revenue	\$293,240	\$299,105	\$305,087	\$311,189	\$317,412	\$323,761	\$330,236
Total Revenues	\$5,621,755	\$6,321,187	\$7,041,092	\$7,871,253	\$8,711,544	\$9,641,966	\$10,669,645
Water Expenses							
Operating Expenses	\$5,175,468	\$5,627,555	\$6,107,771	\$6,633,991	\$7,210,738	\$7,842,983	\$8,536,187
Interest on Debt	\$4,383	\$1,191	\$0	\$0	\$0	\$0	\$0
Amortization	\$566,688	\$581,489	\$604,550	\$628,230	\$652,600	\$677,742	\$703,329
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$5,746,539	\$6,210,234	\$6,712,321	\$7,262,221	\$7,863,338	\$8,520,725	\$9,239,516
Annual Surplus/(Deficit)	(\$124,784)	\$110,952	\$328,771	\$609,032	\$848,206	\$1,121,242	\$1,430,129
Accumulated Surplus/(Deficit), Beginning of Year	\$33,186,656	\$33,059,098	\$33,170,050	\$33,498,821	\$34,107,853	\$34,956,059	\$36,077,300
Accumulated Surplus/ (Deficit), End of Year	\$33,059,098	\$33,170,050	\$33,498,821	\$34,107,853	\$34,956,059	\$36,077,300	\$37,507,429
Financial Indicators							
Increase (Decrease) in Total Revenues	N/A	N/A	\$719,905	\$830,161	\$840,291	\$930,422	\$1,027,679
Increase (Decrease) in Total Expenses	N/A	N/A	\$502,086	\$549,900	\$601,117	\$657,386	\$718,791
Increase (Decrease) in Annual Surplus	N/A	N/A	\$217,819	\$280,261	\$239,174	\$273,036	\$308,887
Operating Surplus Ratio	-2.2%	N/A	4.7%	7.7%	9.7%	11.6%	13.4%

10.2.3 Wastewater - Statement of Cash Flows

The Statement of Cash Flow is presented in Table 10-4. This statement summarizes the main cash inflows and outflows related to the wastewater system in four (4) main areas - operating, capital, investing and financing, and shows the annual changes in cash.

The operating cash transactions begin with the surplus or deficit identified in the Statement of Operations. This figure is adjusted to add or subtract non-cash items that were included as revenues or expenses (e.g. amortization expenses). It is assumed that there were no “investing activities” over the period. The capital section indicates the amounts spent to acquire capital assets (TCA) or received from the sale of assets. In the Town’s case, it is assumed that there are no assets to be sold to generate cash. The financing section identifies funds received from development charge receipts and interest earned on the reserve fund balance, external financing such as provincial and federal grants, and proceeds from the issuance of debenture as cash inflows, and the portion of debt repaid as cash outflows.

Table 10-4 indicates that cash is generated from operations, which is used in funding the acquisition of TCA and towards building internal reserves. The Town's cash position is projected to decrease over the forecast period from \$5.0 million in 2024 to approximately \$1.8 million in 2030.

Table 10-4: Wastewater - Statement of Cash Flows

	2024	2025	2026	2027	2028	2029	2030
Cash Provided by:							
Operating Activities							
Annual Surplus/(Deficit)	(\$124,784)	\$110,952	\$328,771	\$609,032	\$848,206	\$1,121,242	\$1,430,129
Non-Cash Items							
Amortization	\$566,688	\$581,489	\$604,550	\$628,230	\$652,600	\$677,742	\$703,329
Earned Revenue	(\$71,964)	(\$68,771)	\$0	\$0	\$0	\$0	\$0
Net Change in Cash Provided by Operating Activities	\$369,941	\$623,670	\$933,321	\$1,237,262	\$1,500,806	\$1,798,983	\$2,133,458
Capital Activities							
Purchase of TCA	(\$825,000)	(\$1,820,000)	(\$1,874,600)	(\$1,930,838)	(\$1,988,763)	(\$2,048,426)	(\$2,109,879)
Net Change in Cash Used in Capital Activities	(\$825,000)	(\$1,820,000)	(\$1,874,600)	(\$1,930,838)	(\$1,988,763)	(\$2,048,426)	(\$2,109,879)
Financing Activities							
DC Collections	\$79,273	\$81,980	\$84,960	\$52,798	\$51,479	\$53,820	\$55,458
External Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds From Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Repayment of Long-Term Debt	(\$67,581)	(\$67,581)	\$0	\$0	\$0	\$0	\$0
Net Change in Cash Used in Financing Activities	\$11,693	\$14,399	\$84,960	\$52,798	\$51,479	\$53,820	\$55,458
Net Change in Cash and Cash Equivalents	(\$443,367)	(\$1,181,931)	(\$856,319)	(\$640,778)	(\$436,478)	(\$195,622)	\$79,037
Cash and Cash Equivalents, Beginning of the Year	\$5,485,508	\$5,042,093	\$3,860,162	\$3,003,842	\$2,363,064	\$1,926,586	\$1,730,964
Cash and Cash Equivalents, End of the Year	\$5,042,093	\$3,860,162	\$3,003,842	\$2,363,064	\$1,926,586	\$1,730,964	\$1,810,001

11 Conclusions & Recommendations

The following are the main conclusions regarding the water system:

1. Approximately \$32.1 million in water capital expenditures is identified between 2025 and 2034, of which all will be financed from the capital reserves.
2. The net annual water expenditures are expected to increase approximately \$3.6 million, from \$7.2 million in 2025 to \$10.8 million by 2034.
3. The financial statements for the water system are prepared based on the results of the rate study analyses and projections, indicate the following:

- The accumulated surplus is projected to increase from approximately \$61.8 million in 2024 to approximately \$71.2 million by 2030.
- The operating surplus ratio is projected to remain constant at approximately 16-20%.
- The cash position is projected to decrease from \$4.9 million in 2024 to a \$3.6 million in 2030.

These indicate that the financial outlook for the water system over the 7-year period 2024 to 2030 is good.

The following are the main conclusions regarding the wastewater system:

4. Approximately \$20.9 million in wastewater capital expenditures is identified between 2025 and 2034 of which all will be financed from the capital reserves.
5. The net annual wastewater expenditures are expected to increase approximately \$9.2 million, from \$5.9 million in 2025 to \$15.1 million by 2034.
6. The financial statements for the wastewater system are prepared based on the results of the rate study analyses and projections, indicate the following:
 - The accumulated surplus is projected to increase from approximately \$33.1 million in 2024 to approximately \$37.5 million by 2034.
 - The operating surplus ratio is projected to increase from -2.2% in 2024 to 13.4% in 2030 .
 - The cash position is projected to decrease from \$5.0 million in 2024 to \$1.8 million in 2030.

These indicate that the financial outlook for the water system over the 7-year period 2024 to 2034 is good.

The following are the main recommendations resulting from the water and wastewater rate study:

7. That implementation of Water Rates and Charges as contained in Appendix H be approved to achieve full cost recovery and long-term sustainable financing of the Town's water system.
8. That implementation of Wastewater Rates and Charges as contained in Appendix I be approved to achieve full cost recovery and long-term sustainable financing of the Town's wastewater system.
9. That transfers to the water and wastewater capital reserves be increased to levels as presented in Appendix E to adequately fund the capital requirements, subject to annual reviews, of the water and wastewater system's capital needs.
10. That the O.Reg. 453/07 Water System Financial Plan No. 069-301A including the Financial Statements contained herein be approved by Council and submitted to the Province of Ontario in accordance with the Drinking Water System License renewal requirements and O. Reg. 453/07.
11. That the Wastewater System Financial Plan including the Financial Statements contained herein be received by Council.
12. That a copy of the Water Financial Plan No. 069-301A and the Wastewater Financial Plan be posted on the Town's website and made available to the public at no charge.

APPENDICIES

Appendix A

2024 Water and Wastewater Rate By-Law No. 2024-017

**THE CORPORATION
OF THE
TOWN OF NIAGARA-ON-THE-LAKE
BY-LAW NO. 2024-017**

A BY-LAW TO AMEND BY-LAW NO. 814-77 BEING A BY-LAW TO ESTABLISH AND REGULATE WATER AND WASTEWATER RATES AND CHARGES WITHIN THE TOWN OF NIAGARA-ON-THE-LAKE AND TO REPEAL BY-LAW NO. 5504-23

WHEREAS By-law No. 814-77 establishes and regulates the Town of Niagara-on-the-Lake water system and sets out water and wastewater rates in Schedule "A" attached thereto;

AND WHEREAS it is necessary to set the service charges for the Niagara-on-the-Lake water and wastewater systems as approved in Corporate Services Report CS-24-002.

NOW THEREFORE BE IT ENACTED AS A BY-LAW OF THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE as follows:

1. That Schedule "A" attached hereto and forming part of this by-law is hereby adopted and replaces Schedule "A" to By-law No. 814-77.
2. That any by-law which conflicts in part or in whole with any part of Schedule "A" is hereby amended to conform with Schedule "A" attached hereto.
3. That By-law No. 5504-23 is hereby repealed.
4. That this by-law takes effect April 1, 2024.

READ A FIRST, SECOND, AND THIRD TIME AND PASSED THIS 26TH DAY OF MARCH 2024.



LORD MAYOR GARY ZALEPA



TOWN CLERK GRANT BIVOL

**SCHEDULE A
TO BY-LAW NO. 2024-017**

WATER & WASTEWATER RATES

a) REGULAR CUSTOMERS

The monthly billing amount shall be calculated based on **Fixed Monthly Charge** per the following schedule:

Fixed Charge Per Month				
Meter Size	Water (10.8% Increase)		Wastewater (12% Increase)	
	2023	2024	2023	2024
Up to 3/4"	25.25	27.98	29.90	33.49
1"	35.38	39.20	41.86	46.88
1.5"	45.48	50.39	53.82	60.28
2"	73.27	81.18	85.47	95.73
3"	277.93	307.95	328.87	368.33
4"	353.72	391.92	418.58	468.81
6"	530.57	587.87	627.86	703.20
8"	732.70	811.83	867.05	971.10
12"	1,010.62	1,119.77	1,195.93	1,339.44

Plus **Variable Water Rate \$1.7086 per cubic metre** and **Variable Wastewater Rate \$1.5646 per cubic metre** multiplied by the water consumption, in cubic metres, from water meter readings.

A late payment charge shall apply to all unpaid balances owing past the payment due date at the interest rate of 1½% per month.

b) MULTIPLE OCCUPANCY CUSTOMERS

The fixed charge shall be applicable to each water meter separately regardless of the number of self-contained dwelling units or commercial or industrial units supplied through a common water meter.

c) OTHER WATER RATES

Bulk Water Stations

A monthly billing amount shall be calculated for each Bulk Water Account as for Regular Customers in accordance with 1 a) above except that the fixed charge shall be based on a ¾ inch meter size.

Hydrant Irrigation Rates

The monthly billing amount shall be calculated as for Regular Customers in accordance with a) above.

Water on Construction

On development lands where a water service is connected from the municipal main to a building(s) under construction, and the water meter is not yet installed, a flat fee shall be billed in accordance with the Town's current Water on Construction Fee Schedule.

Appendix B

Customer Growth Projections

APPENDIX B: CUSTOMER GROWTH PROJECTIONS

Water Customer Growth Projections											
Meter Size	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
up to 3/4"	7,360	7,541	7,721	7,859	7,997	8,136	8,274	8,412	8,555	8,697	8,839
1"	230	230	230	230	230	230	230	231	231	231	231
1.5"	80	80	80	80	80	80	80	80	80	80	80
2"	84	86	88	90	91	92	93	94	95	97	99
3"	26	26	26	26	26	26	26	26	26	26	26
4"	18	18	18	18	18	18	18	18	18	18	18
6"	6	6	6	6	6	6	6	6	6	6	6
8"	1	1	1	1	1	1	1	1	1	1	1
12"	-	-	-	-	-	-	-	-	-	-	-
Total	7,805	7,988	8,170	8,310	8,449	8,589	8,728	8,868	9,012	9,156	9,300

Wastewater Customer Growth Projection											
Meter Size	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
up to 3/4"	5,977	6,158	6,338	6,476	6,614	6,753	6,891	7,029	7,172	7,314	7,456
1"	164	164	164	164	164	164	164	165	165	165	165
1.5"	63	63	63	63	63	63	63	63	63	63	63
2"	68	70	72	74	75	76	77	78	79	81	83
3"	21	21	21	21	21	21	21	21	21	21	21
4"	16	16	16	16	16	16	16	16	16	16	16
6"	4	4	4	4	4	4	4	4	4	4	4
8"	1	1	1	1	1	1	1	1	1	1	1
12"	-	-	-	-	-	-	-	-	-	-	-
Total	6,314	6,497	6,679	6,819	6,958	7,098	7,237	7,377	7,521	7,665	7,809

Appendix C

Capital Forecasts WATER and WASTEWATER

APPENDIX C: CAPITAL FORECASTS

Water Service										
2025 - 2034 Capital Forecast										
Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water System Improvement, Programs and Design	\$ 2,575,000	\$ 2,652,250	\$ 2,731,818	\$ 2,813,772	\$ 2,898,185	\$ 2,985,131	\$ 3,074,685	\$ 3,166,925	\$ 3,261,933	\$ 3,359,791
Additional Asset Management Needs	\$ 225,000	\$ 231,750	\$ 238,703	\$ 245,864	\$ 253,239	\$ 260,837	\$ 268,662	\$ 276,722	\$ 285,023	\$ 293,574
Total Capital Expenditures	\$ 2,800,000	\$ 2,884,000	\$ 2,970,520	\$ 3,059,636	\$ 3,151,425	\$ 3,245,967	\$ 3,343,346	\$ 3,443,647	\$ 3,546,956	\$ 3,653,365
Capital Financing										
Development Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Growth Related Debenture Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Growth Related Debenture Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Capital Reserve	\$ 2,800,000	\$ 2,884,000	\$ 2,970,520	\$ 3,059,636	\$ 3,151,425	\$ 3,245,967	\$ 3,343,346	\$ 3,443,647	\$ 3,546,956	\$ 3,653,365
Total Capital Financing	\$ 2,800,000	\$ 2,884,000	\$ 2,970,520	\$ 3,059,636	\$ 3,151,425	\$ 3,245,967	\$ 3,343,346	\$ 3,443,647	\$ 3,546,956	\$ 3,653,365

Wastewater Service										
2025 - 2034 Capital Forecast										
Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Wastewater System Improvements, Programs and Design	\$ 1,545,000	\$ 1,591,350	\$ 1,639,091	\$ 1,688,263	\$ 1,738,911	\$ 1,791,078	\$ 1,844,811	\$ 1,900,155	\$ 1,957,160	\$ 2,015,875
Additional Asset Management Needs	\$ 275,000	\$ 283,250	\$ 291,748	\$ 300,500	\$ 309,515	\$ 318,800	\$ 328,364	\$ 338,215	\$ 348,362	\$ 358,813
Total Capital Expenditures	\$ 1,820,000	\$ 1,874,600	\$ 1,930,838	\$ 1,988,763	\$ 2,048,426	\$ 2,109,879	\$ 2,173,175	\$ 2,238,370	\$ 2,305,522	\$ 2,374,687
Capital Financing										
Development Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Growth Related Debenture Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Growth Related Debenture Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wastewater Capital Reserve	\$ 1,820,000	\$ 1,874,600	\$ 1,930,838	\$ 1,988,763	\$ 2,048,426	\$ 2,109,879	\$ 2,173,175	\$ 2,238,370	\$ 2,305,522	\$ 2,374,687
Total Capital Financing	\$ 1,820,000	\$ 1,874,600	\$ 1,930,838	\$ 1,988,763	\$ 2,048,426	\$ 2,109,879	\$ 2,173,175	\$ 2,238,370	\$ 2,305,522	\$ 2,374,687

Appendix D

Reserve and Reserve Fund Projections

APPENDIX D: RESERVE AND RESERVE FUND PROJECTIONS

Table E-1

Description	Water Service Water Capital Reserve									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	\$ 5,829,943	\$ 5,352,392	\$ 4,940,841	\$ 4,592,770	\$ 4,305,584	\$ 4,076,609	\$ 3,903,091	\$ 3,782,194	\$ 3,710,997	\$ 3,686,490
Transfer from Operating	\$ 2,322,449	\$ 2,472,449	\$ 2,622,449	\$ 2,772,449	\$ 2,922,449	\$ 3,072,449	\$ 3,222,449	\$ 3,372,449	\$ 3,522,449	\$ 3,672,449
Transfer to Capital	\$ 2,800,000	\$ 2,884,000	\$ 2,970,520	\$ 3,059,636	\$ 3,151,425	\$ 3,245,967	\$ 3,343,346	\$ 3,443,647	\$ 3,546,956	\$ 3,653,365
Closing Balance	\$ 5,352,392	\$ 4,940,841	\$ 4,592,770	\$ 4,305,584	\$ 4,076,609	\$ 3,903,091	\$ 3,782,194	\$ 3,710,997	\$ 3,686,490	\$ 3,705,574
Reserve Balance as a Percent of 10 Year Average Capital Program	167%	154%	143%	134%	127%	122%	118%	116%	115%	115%

Table E-2

Description	Wastewater Service Wastewater Capital Reserve									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	\$ 4,344,093	\$ 3,173,465	\$ 2,223,237	\$ 1,491,771	\$ 977,380	\$ 678,326	\$ 592,819	\$ 719,015	\$ 1,055,016	\$ 1,598,866
Transfer from Operating	\$ 649,372	\$ 924,372	\$ 1,199,372	\$ 1,474,372	\$ 1,749,372	\$ 2,024,372	\$ 2,299,372	\$ 2,574,372	\$ 2,849,372	\$ 3,124,372
Transfer to Capital	\$ 1,820,000	\$ 1,874,600	\$ 1,930,838	\$ 1,988,763	\$ 2,048,426	\$ 2,109,879	\$ 2,173,175	\$ 2,238,370	\$ 2,305,522	\$ 2,374,687
Closing Balance	\$ 3,173,465	\$ 2,223,237	\$ 1,491,771	\$ 977,380	\$ 678,326	\$ 592,819	\$ 719,015	\$ 1,055,016	\$ 1,598,866	\$ 2,348,550
Reserve Balance as a Percent of 10 Year Average Capital Program	152%	107%	71%	47%	33%	28%	34%	51%	77%	113%

Table E-3

Description	Water Service Water Development Charges Reserve Fund									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	\$ (1,051,634)	\$ (978,084)	\$ (901,395)	\$ (860,320)	\$ (820,830)	\$ (778,922)	\$ (735,355)	\$ (654,273)	\$ (600,695)	\$ (540,677)
Development Charge Proceeds	\$ 85,625	\$ 87,817	\$ 51,697	\$ 49,624	\$ 51,524	\$ 52,646	\$ 89,160	\$ 60,994	\$ 66,693	\$ 68,694
Transfer to Capital										
Transfer to Operating	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Balance	\$ (966,009)	\$ (890,267)	\$ (849,698)	\$ (810,696)	\$ (769,306)	\$ (726,277)	\$ (646,195)	\$ (593,279)	\$ (534,002)	\$ (471,982)
Interest	\$ (12,075)	\$ (11,128)	\$ (10,621)	\$ (10,134)	\$ (9,616)	\$ (9,078)	\$ (8,077)	\$ (7,416)	\$ (6,675)	\$ (5,900)

Table E-4

Description	Wastewater Service Wastewater Development Charges Reserve Fund									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	\$ 469,669	\$ 482,877	\$ 567,836	\$ 620,635	\$ 672,114	\$ 725,934	\$ 781,392	\$ 871,230	\$ 936,054	\$ 1,006,919
Development Charge Proceeds	76,018	77,950	45,136	43,181	44,858	45,811	79,082	53,268	58,434	60,187
Transfer to Capital										
Transfer to Operating	\$ 68,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Balance	\$ 476,915	\$ 560,826	\$ 612,973	\$ 663,816	\$ 716,972	\$ 771,745	\$ 860,474	\$ 924,498	\$ 994,488	\$ 1,067,107
Interest	\$ 5,961	\$ 7,010	\$ 7,662	\$ 8,298	\$ 8,962	\$ 9,647	\$ 10,756	\$ 11,556	\$ 12,431	\$ 13,339

Table E-5

	Water Service 2025 - 2034 Operating Reserve									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Stabilization Reserve Opening Balance	195,486	212,119	251,328	291,534	337,458	392,286	461,456	552,190	673,595	833,048
Contributions from Operating Budget	16,633	39,209	40,206	45,924	54,828	69,170	90,733	121,405	159,453	208,092
Contributions to Operating Budget										
Rate Stabilization Reserve Closing Balance	212,119	251,328	291,534	337,458	392,286	461,456	552,190	673,595	833,048	1,041,139
Percent of Net Operating Expenditures	2.9%	3.3%	3.7%	4.1%	4.5%	5.1%	5.8%	6.8%	8.1%	9.7%

Table E-6

	Wastewater Service 2025 - 2034 Operating Reserve									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Stabilization Reserve Opening Balance	228,331	203,820	212,769	250,659	277,093	326,705	435,791	541,686	679,230	888,509
Contributions from Operating Budget	-	8,949	37,890	26,434	49,612	109,086	105,895	137,544	209,279	313,094
Contributions to Operating Budget	24,511	-	-	-	-	-	-	-	-	-
Rate Stabilization Reserve Closing Balance	203,820	212,769	250,659	277,093	326,705	435,791	541,686	679,230	888,509	1,201,603
Percent of Net Operating Expenditures	3.4%	3.2%	3.3%	3.3%	3.5%	4.2%	4.8%	5.4%	6.5%	7.9%

Appendix E

Operating Budget Forecast WATER

APPENDIX E: WATER OPERATING BUDGET FORECAST

Water Service Operating Budget Forecast										
Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Expenditures										
Environmental Program Support	\$ 1,198,965	\$ 1,222,944	\$ 1,247,403	\$ 1,272,351	\$ 1,297,798	\$ 1,323,754	\$ 1,350,229	\$ 1,377,234	\$ 1,404,778	\$ 1,432,874
Program Administration	\$ 407,715	\$ 415,870	\$ 424,187	\$ 432,671	\$ 441,324	\$ 450,151	\$ 459,154	\$ 468,337	\$ 477,703	\$ 487,257
Training Division	\$ 11,730	\$ 11,965	\$ 12,204	\$ 12,448	\$ 12,697	\$ 12,951	\$ 13,210	\$ 13,474	\$ 13,744	\$ 14,018
Inventory Maintenance	\$ 102	\$ 104	\$ 106	\$ 108	\$ 110	\$ 113	\$ 115	\$ 117	\$ 120	\$ 122
Compliance	\$ 9,639	\$ 9,832	\$ 10,028	\$ 10,229	\$ 10,434	\$ 10,642	\$ 10,855	\$ 11,072	\$ 11,294	\$ 11,519
Bulk Water Station	\$ 18,972	\$ 19,351	\$ 19,738	\$ 20,133	\$ 20,536	\$ 20,947	\$ 21,366	\$ 21,793	\$ 22,229	\$ 22,673
Hydrants - Repair and Replace	\$ 17,850	\$ 18,207	\$ 18,571	\$ 18,943	\$ 19,321	\$ 19,708	\$ 20,102	\$ 20,504	\$ 20,914	\$ 21,332
Irrigation from Hydrants	\$ 12,342	\$ 12,589	\$ 12,841	\$ 13,097	\$ 13,359	\$ 13,627	\$ 13,899	\$ 14,177	\$ 14,461	\$ 14,750
Meter Installations	\$ 10,838	\$ 11,054	\$ 11,275	\$ 11,501	\$ 11,731	\$ 11,965	\$ 12,205	\$ 12,449	\$ 12,698	\$ 12,952
Meter Readings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Meter Repairs	\$ 13,566	\$ 13,837	\$ 14,114	\$ 14,396	\$ 14,684	\$ 14,978	\$ 15,278	\$ 15,583	\$ 15,895	\$ 16,213
Main Line Repair	\$ 16,759	\$ 17,094	\$ 17,436	\$ 17,784	\$ 18,140	\$ 18,503	\$ 18,873	\$ 19,250	\$ 19,635	\$ 20,028
Repair & Replace Services	\$ 58,813	\$ 59,989	\$ 61,189	\$ 62,413	\$ 63,661	\$ 64,935	\$ 66,233	\$ 67,558	\$ 68,909	\$ 70,287
Service Installations (New)	\$ 18,156	\$ 18,519	\$ 18,890	\$ 19,267	\$ 19,653	\$ 20,046	\$ 20,447	\$ 20,856	\$ 21,273	\$ 21,698
Utility Locates	\$ 213,195	\$ 217,459	\$ 221,808	\$ 226,245	\$ 230,769	\$ 235,385	\$ 240,093	\$ 244,894	\$ 249,792	\$ 254,788
Utility Locates Hydro Recovery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Valves	\$ 7,803	\$ 7,959	\$ 8,118	\$ 8,281	\$ 8,446	\$ 8,615	\$ 8,787	\$ 8,963	\$ 9,142	\$ 9,325
Water Sampling & Testing	\$ 32,079	\$ 32,721	\$ 33,375	\$ 34,042	\$ 34,723	\$ 35,418	\$ 36,126	\$ 36,849	\$ 37,586	\$ 38,337
Watermain Cleaning	\$ 2,815	\$ 2,872	\$ 2,929	\$ 2,988	\$ 3,047	\$ 3,108	\$ 3,170	\$ 3,234	\$ 3,298	\$ 3,364
Regional Water Charges - Fixed	\$ 759,431	\$ 788,290	\$ 818,245	\$ 849,338	\$ 881,613	\$ 915,114	\$ 949,889	\$ 985,984	\$ 1,023,452	\$ 1,062,343
Regional Water Charges - Variable	\$ 2,264,470	\$ 2,401,751	\$ 2,529,671	\$ 2,663,844	\$ 2,800,507	\$ 2,943,486	\$ 3,093,940	\$ 3,253,194	\$ 3,419,834	\$ 3,599,586
Rate Stabilization Contributions										
Transfer to Operating Reserve	\$ 16,633	\$ 39,209	\$ 40,206	\$ 45,924	\$ 54,828	\$ 69,170	\$ 90,733	\$ 121,405	\$ 159,453	\$ 208,092
Sub Total Operating Expenditures	\$ 5,091,874	\$ 5,321,615	\$ 5,522,334	\$ 5,736,003	\$ 5,957,383	\$ 6,192,615	\$ 6,444,702	\$ 6,716,927	\$ 7,006,209	\$ 7,321,561
Capital-Related										
Transfer to Capital Reserves and Reserve Funds	\$ 2,322,449	\$ 2,472,449	\$ 2,622,449	\$ 2,772,449	\$ 2,922,449	\$ 3,072,449	\$ 3,222,449	\$ 3,372,449	\$ 3,522,449	\$ 3,672,449
Sub Total Capital Related Expenditures	\$ 2,322,449	\$ 2,472,449	\$ 2,622,449	\$ 2,772,449	\$ 2,922,449	\$ 3,072,449	\$ 3,222,449	\$ 3,372,449	\$ 3,522,449	\$ 3,672,449
Total Expenditures	\$ 7,414,324	\$ 7,794,065	\$ 8,144,784	\$ 8,508,453	\$ 8,879,833	\$ 9,265,064	\$ 9,667,152	\$10,089,376	\$10,528,658	\$10,994,010
Non-Rate Revenues										
On & Off Fees	\$ 1,224	\$ 1,248	\$ 1,273	\$ 1,299	\$ 1,325	\$ 1,351	\$ 1,378	\$ 1,406	\$ 1,434	\$ 1,463
Water on Construction	\$ 20,400	\$ 20,808	\$ 21,224	\$ 21,649	\$ 22,082	\$ 22,523	\$ 22,974	\$ 23,433	\$ 23,902	\$ 24,380
Water Sales	\$ 69,391	\$ 70,778	\$ 72,194	\$ 73,638	\$ 75,111	\$ 76,613	\$ 78,145	\$ 79,708	\$ 81,302	\$ 82,928
Hydrants - Repair & Replace - Services Rendered	\$ 13,260	\$ 13,525	\$ 13,796	\$ 14,072	\$ 14,353	\$ 14,640	\$ 14,933	\$ 15,232	\$ 15,536	\$ 15,847
Irrigation & Hydrants - Services Rendered	\$ 8,160	\$ 8,323	\$ 8,490	\$ 8,659	\$ 8,833	\$ 9,009	\$ 9,189	\$ 9,373	\$ 9,561	\$ 9,752
Meter Installation - Services Rendered	\$ 51,000	\$ 52,020	\$ 53,060	\$ 54,122	\$ 55,204	\$ 56,308	\$ 57,434	\$ 58,583	\$ 59,755	\$ 60,950
Meter Repairs - Services Rendered	\$ 377	\$ 385	\$ 393	\$ 400	\$ 409	\$ 417	\$ 425	\$ 434	\$ 442	\$ 451
Repair & Replace Services - Services Rendered	\$ 3,682	\$ 3,756	\$ 3,831	\$ 3,908	\$ 3,986	\$ 4,065	\$ 4,147	\$ 4,230	\$ 4,314	\$ 4,401
Service Installations (New) - Services Rendered	\$ 12,240	\$ 12,485	\$ 12,734	\$ 12,989	\$ 13,249	\$ 13,514	\$ 13,784	\$ 14,060	\$ 14,341	\$ 14,628
Total-Non Rate Revenues	\$ 179,734	\$ 183,329	\$ 186,995	\$ 190,735	\$ 194,550	\$ 198,441	\$ 202,410	\$ 206,458	\$ 210,587	\$ 214,799
Total Operating Revenue	\$ 179,734	\$ 183,329	\$ 186,995	\$ 190,735	\$ 194,550	\$ 198,441	\$ 202,410	\$ 206,458	\$ 210,587	\$ 214,799
Net Water Costs To Be Recovered From Users	\$ 7,234,589	\$ 7,610,736	\$ 7,957,788	\$ 8,317,717	\$ 8,685,283	\$ 9,066,623	\$ 9,464,742	\$ 9,882,918	\$10,318,071	\$10,779,211

Appendix F

Operating Budget Forecast WASTEWATER

APPENDIX F: WASTEWATER OPERATING BUDGET FORECAST

Wastewater Service Operating Budget Forecast										
Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Expenditures										
Environmental Program Support	\$ 299,412	\$ 305,400	\$ 311,508	\$ 317,739	\$ 324,093	\$ 330,575	\$ 337,187	\$ 343,930	\$ 350,809	\$ 357,825
Program Administration	\$ 281,813	\$ 287,449	\$ 293,198	\$ 299,062	\$ 305,043	\$ 311,144	\$ 317,367	\$ 323,714	\$ 330,189	\$ 336,792
Training Division	\$ 3,203	\$ 3,267	\$ 3,332	\$ 3,399	\$ 3,467	\$ 3,536	\$ 3,607	\$ 3,679	\$ 3,753	\$ 3,828
Compliance	\$ 3,060	\$ 3,121	\$ 3,184	\$ 3,247	\$ 3,312	\$ 3,378	\$ 3,446	\$ 3,515	\$ 3,585	\$ 3,657
Lateral Cleaning & Maintenance	\$ 27,540	\$ 28,091	\$ 28,653	\$ 29,226	\$ 29,810	\$ 30,406	\$ 31,015	\$ 31,635	\$ 32,267	\$ 32,913
Manhole Maintenance	\$ 5,100	\$ 5,202	\$ 5,306	\$ 5,412	\$ 5,520	\$ 5,631	\$ 5,743	\$ 5,858	\$ 5,975	\$ 6,095
Sewer CCTV Inspections	\$ 81,600	\$ 83,232	\$ 84,897	\$ 86,595	\$ 88,326	\$ 90,093	\$ 91,895	\$ 93,733	\$ 95,607	\$ 97,520
Sewer Lateral Install & Repair	\$ 40,188	\$ 40,992	\$ 41,812	\$ 42,648	\$ 43,501	\$ 44,371	\$ 45,258	\$ 46,163	\$ 47,087	\$ 48,028
Sewer Main Cleaning	\$ 86,700	\$ 88,434	\$ 90,203	\$ 92,007	\$ 93,847	\$ 95,724	\$ 97,638	\$ 99,591	\$ 101,583	\$ 103,615
Sewer Main Repairs	\$ 14,892	\$ 15,190	\$ 15,494	\$ 15,804	\$ 16,120	\$ 16,442	\$ 16,771	\$ 17,106	\$ 17,448	\$ 17,797
Trenchless Repair Program	\$ 112,710	\$ 114,964	\$ 117,263	\$ 119,609	\$ 122,001	\$ 124,441	\$ 126,930	\$ 129,468	\$ 132,058	\$ 134,699
Grinder Pumps	\$ 17,340	\$ 17,687	\$ 18,041	\$ 18,401	\$ 18,769	\$ 19,145	\$ 19,528	\$ 19,918	\$ 20,317	\$ 20,723
Regional Wastewater Charges - Fixed	\$ 4,653,997	\$ 5,114,743	\$ 5,621,102	\$ 6,177,591	\$ 6,789,173	\$ 7,461,301	\$ 8,199,970	\$ 9,011,767	\$ 9,903,931	\$10,884,421
Rate Stabilization Contributions										
Transfer to Operating Reserve	\$ -	\$ 8,949	\$ 37,890	\$ 26,434	\$ 49,612	\$ 109,086	\$ 105,895	\$ 137,544	\$ 209,279	\$ 313,094
Sub Total Operating Expenditures	\$ 5,627,555	\$ 6,116,720	\$ 6,671,882	\$ 7,237,173	\$ 7,892,595	\$ 8,645,273	\$ 9,402,248	\$10,267,622	\$11,253,889	\$12,361,006
Capital-Related										
Existing Debt (Principal) - Growth Related	\$ 67,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Debt (Interest) - Growth Related	\$ 1,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Capital Reserves and Reserve Funds	\$ 649,372	\$ 924,372	\$ 1,199,372	\$ 1,474,372	\$ 1,749,372	\$ 2,024,372	\$ 2,299,372	\$ 2,574,372	\$ 2,849,372	\$ 3,124,372
Sub Total Capital Related Expenditures	\$ 718,143	\$ 924,372	\$ 1,199,372	\$ 1,474,372	\$ 1,749,372	\$ 2,024,372	\$ 2,299,372	\$ 2,574,372	\$ 2,849,372	\$ 3,124,372
Total Expenditures	\$ 6,345,698	\$ 7,041,092	\$ 7,871,253	\$ 8,711,544	\$ 9,641,966	\$10,669,645	\$11,701,620	\$12,841,994	\$14,103,260	\$15,485,378
Non-Rate Revenues										
Administration Revenue	\$ 1,510	\$ 1,540	\$ 1,571	\$ 1,602	\$ 1,634	\$ 1,667	\$ 1,700	\$ 1,734	\$ 1,769	\$ 1,804
Miscellaneous Revenue	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	\$ 11,041	\$ 11,262	\$ 11,487	\$ 11,717	\$ 11,951	\$ 12,190
Program Administration - Services Rendered	\$ 255,000	\$ 260,100	\$ 265,302	\$ 270,608	\$ 276,020	\$ 281,541	\$ 287,171	\$ 292,915	\$ 298,773	\$ 304,749
Lateral Cleaning & Maintenance Services Rendered	\$ 82	\$ 83	\$ 85	\$ 87	\$ 88	\$ 90	\$ 92	\$ 94	\$ 96	\$ 98
Sewer Lateral Install & Repair - Services Rendered	\$ 22,001	\$ 22,441	\$ 22,890	\$ 23,348	\$ 23,815	\$ 24,291	\$ 24,777	\$ 25,273	\$ 25,778	\$ 26,294
Sewer Main Repair - Services Rendered	\$ 112	\$ 114	\$ 117	\$ 119	\$ 121	\$ 124	\$ 126	\$ 129	\$ 131	\$ 134
Grinder pump - Services Rendered	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	\$ 11,041	\$ 11,262	\$ 11,487	\$ 11,717	\$ 11,951	\$ 12,190
Total-Non Rate Revenues	\$ 299,105	\$ 305,087	\$ 311,189	\$ 317,412	\$ 323,761	\$ 330,236	\$ 336,841	\$ 343,577	\$ 350,449	\$ 357,458
Operating Subsidies										
Contributions from Development Charges Reserve Fund	\$ 68,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions from Operating Reserve	\$ 24,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Revenue	\$ 392,387	\$ 305,087	\$ 311,189	\$ 317,412	\$ 323,761	\$ 330,236	\$ 336,841	\$ 343,577	\$ 350,449	\$ 357,458
Net Wastewater Costs To Be Recovered From Users	\$ 5,953,310	\$ 6,736,005	\$ 7,560,065	\$ 8,394,132	\$ 9,318,206	\$10,339,409	\$11,364,780	\$12,498,416	\$13,752,811	\$15,127,920

Appendix G

Sustainable Water Rates and Charges

Appendix H

Sustainable Wastewater Rates and Charges

Appendix I

Requirement of O. Reg. 453/07

Requirements		How Requirements are Met
1.	The financial plans must be approved by a resolution that is passed by,	
	i. The council of the municipality, if the owner of the drinking water system is a municipality.	<ul style="list-style-type: none"> It is expected the Council will approve the Updated Financial Plan prior to August 13th 2024. (six months prior to license renewal)
	ii. The governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.	<ul style="list-style-type: none"> N/A
2.	The financial plans must apply to a period of at least six years.	<ul style="list-style-type: none"> Will apply for 7 years from 2024 to 2030 inclusive.
3.	The first year to which the financial plans must apply must be the year determined in accordance with the following rules:	
	i. If the financial plans are required by subsection 2, the first year to which the financial plans must apply must be the year in which the drinking water system's existing municipal drinking water licence would otherwise expire.	<ul style="list-style-type: none"> The licence expires March 13, 2025 for the water systems (No. 077-301). Therefore, the first year of the Updated Financial Plan is 2025
	ii. If the financial plans are required by a condition that was included in a municipal drinking water licence under subsection 1 (3), the first year to which the financial plans must apply must be the later of 2010 and the year in which the first licence for the system was issued.	<ul style="list-style-type: none"> N/A
4.	Subject to subsection (2), for each year to which the financial plans apply, the financial plans must include the following:	
	i. Details of the proposed or projected financial position of the drinking water system itemized by:	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	a. Total financial assets	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	b. Total liabilities	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	c. Net financial assets (debt)	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	d. Non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses.	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan. TCA Projections in Financial Plan.
	e. Changes in tangible capital assets that are additions, donations, write downs and disposals.	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan. TCA Projections in Financial Plan.

	ii.	Details of the proposed or projected financial operations of the drinking water system itemized by,	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		a. Total revenues, further itemized by water rates, user charges and other revenues.	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		b. Total expenses, further itemized by amortization expenses, interest expenses and other expenses	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		c. Annual surplus or deficit, and	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		d. Accumulated surplus or deficit	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
	iii.	Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		a. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges, - done in full cost report	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		b. Capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		c. Investing transactions that are acquisitions and disposal of investments,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		d. Financing transactions that are proceeds from the issuance of debt and debt repayment.	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		e. Changes in cash and cash equivalents during the year,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		f. Cash and cash equivalents at the beginning and end of the year.	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
	iv.	Details of the extent to which the information described in subparagraphs i, ii and iii relates directly to the replacement of lead service pipes as defined in section 15.1- 3 of Schedule 15.1 to Ontario Regulation 170/03 (Drinking Water Systems), made under the Act.	<ul style="list-style-type: none"> There is no dedicated lead service pipe removal program in place. If lead pipe is discovered during normal operations, it is replaced accordingly. Therefore, there are no significant material financial costs associated with lead pipe removal.
5.		The owner of the drinking water system must.	
	i.	Make the financial plans available, on request, to members of the public who are served by the drinking water system without charge,	<ul style="list-style-type: none"> This will be done by the municipality following Council approval.
	ii.	Make the financial plans available to members of the public without charge through publication on the Internet, if the owner maintains a website on the Internet,	<ul style="list-style-type: none"> The Financial Plan will be posted on the municipality's website and made available for public review at no charge.

	iii.	Provide notice advising the public of the availability of the financial plans under subparagraphs i and ii, if applicable, in a manner that, in the opinion of the owner, will bring the notice to the attention of members of the public who are served by the drinking water system.	<ul style="list-style-type: none"> A notice will be issued following Council approval.
6.		The owner of the drinking water system must give a copy of the financial plans to the Ministry of Municipal Affairs and Housing. O. Reg. 453/07, s. 3 (1).	<ul style="list-style-type: none"> Will be submitted following Council approval.
		Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared.	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.
	1.	Sub-subparagraphs 4 i A, B and C of subsection (1).	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.
	2.	Sub-subparagraphs 4 iii A, C, E and F of subsection (1). O. Reg. 453/07, s. 3 (2).	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.